

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1464-06
Bill No.: SCS for HCS for HB 795
Subject: Counties; Economic Development
Type: Original
Date: April 13, 2007

Bill Summary: This proposal permits the creation of theater, cultural arts, and entertainment districts in certain counties and authorizes guest taxes in certain cities, defines transect-based zoning, and authorizes certain taxes in certain political subdivisions.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-----------------------|-----------------------|-----------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| General Revenue | \$0 to Unknown | \$0 to Unknown | \$0 to Unknown |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 to Unknown | \$0 to Unknown | \$0 to Unknown |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|-----------------------|-----------------------|-----------------------|
| FUND AFFECTED | FY 2008 | FY 2009 | FY 2010 |
| Local Government | \$0 to Unknown | \$0 to Unknown | \$0 to Unknown |

FISCAL ANALYSIS

ASSUMPTION

LOCAL OPTION SALES TAX:

Oversight assumes Sections 67.997 has the potential to impact the State's General Revenue Fund. The section is **considered to be permissive and as written does not require certain defined local governments to initiate sales taxes for certain purposes.**

Before there would be fiscal impact, the governing body would have to place the question of imposing a sales tax to the voters of the defined district. **Oversight** is showing this because the Department of Revenue- Sales Tax Division would collect the tax, and would **retain a 1% collection fee which would go into the State's General Revenue Fund. Fiscal impact will be shown as \$0 or a positive unknown.** If none of the political subdivisions would impose a sales tax there would be no fiscal impact to the General Revenue Fund. If a tax were approved, the 1% collection fee would go into the General Revenue Fund. The amount is unknown.

Officials from **Perry County** did not respond to our request for fiscal impact.

The **Department of Revenue** assumes no fiscal impact from this part of the proposal.

TOURISM DISTRICT IN FRANKLIN COUNTY (Section 67.1360);

Oversight assumes this part of the proposal amends the current boundaries of the area that would be allowed to impose a transient guest tax on a portion of the Sullivan C-2 School District located in Franklin County.

Oversight assumes the City of Sullivan currently has the authority to impose a transient guest tax, but not within that portion described in this proposal.

Oversight assumes this proposal would require the City of Sullivan to seek voter approval to impose a transient guest tax on that portion of land allowed by this proposal.

Oversight assumes this proposal is permissive, and as written would have no fiscal impact without voter approval.

ASSUMPTION (continued)

THEATER, CULTURAL ARTS AND ENTERTAINMENT DISTRICTS (Sections 67.2500, 67.2505 & 67.2510);

Officials from the **Office of the State Courts Administrator** assume the proposal would not have a fiscal impact on the courts.

Officials from the **Department of Economic Development** assume the proposal would not fiscally impact their agency.

Officials from the counties of **Buchanan, Clay, Jackson, Boone and Jasper** as well as the cities of **St. Joseph, Independence** and **North Kansas City** did not respond to our request for fiscal impact.

Officials from the **Department of Revenue (DOR)** state this legislation will not have a fiscal impact on their agency. However, the department included some comments from Office of Administration ITSD - DOR .

Office of Administration Information Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 2 existing CIT III for 2 months at a rate of \$16,744.

Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a \$0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval. Oversight will also assume DOR may retain 1 percent of the potential sales tax revenue generated within the new theater, cultural arts and entertainment districts.

This proposal could increase Total State Revenues.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|---------------------|---------|---------|

GENERAL REVENUE

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| <u>Income</u> - Department of Revenue 1 percent collection fee on sales tax revenue of various sections. | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|--|-----------------------|-----------------------|-----------------------|

| | | | |
|---|----------------------------------|----------------------------------|----------------------------------|
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|---|----------------------------------|----------------------------------|----------------------------------|

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2008 (10 Mo.) | FY 2009 | FY 2010 |
|---|---------------------|---------|---------|

LOCAL POLITICAL SUBDIVISIONS

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| <u>Income</u> - Cities and Counties for sales tax in various sections | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|--|-----------------------|-----------------------|-----------------------|

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| <u>Income</u> - Cities for transient guest tax | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|--|-----------------------|-----------------------|-----------------------|

| | | | |
|---|------------------------------|------------------------------|------------------------------|
| ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|---|------------------------------|------------------------------|------------------------------|

FISCAL IMPACT - Small Business

Small businesses within the new districts or small business that offer sleeping rooms in certain special charter cities may be required to collect an additional tax, dependent upon governing body and voter approval.

FISCAL DESCRIPTION

Section 67.997 allows Perry County to impose, upon voter approval, a sales tax of up to one-fourth of 1% to equally fund senior services and youth programs.

Currently, the City of Sullivan is authorized to levy a transient guest tax between 2% and 5% per room per night to be used for the promotion of tourism. Section 67.1360 allows Franklin County to impose the same tax, upon voter approval, in the Sullivan C-II School District which is partially located in both the city and the county.

Currently, only St. Charles County and its municipalities are allowed to form a theater, cultural arts, and entertainment district. Sections 67.2500, 67.2505 & 67.2510 allows the governing body of any county or city that has adopted transect-based zoning under Chapter 89, RSMo, and the counties of Boone, Jasper Franklin, Clay, or Jackson and their municipalities to form a district.

The bill also:

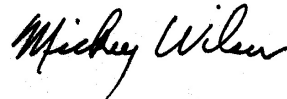
- (1) Allows the district to fund infrastructure projects;
- (2) Reduces the number of contiguous acres the district must include from 50 to 25;
- (3) Requires, instead of allows, the governing body of the city or county in which a district is proposed to pass a resolution describing the district when a petition for its creation is filed;
- (4) Allows the cities of Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, and Pleasant Hill to impose a transient guest tax of up to 5%; and
- (5) Repeals the duplicate of Section 67.2505.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Department of Economic Development
Department of Revenue

**NOT RESPONDING: counties of Perry, Boone, Jasper, Buchanan, Clay and Jackson;
cities of St. Joseph, Independence and North Kansas City**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 13, 2007