

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4601-01  
Bill No.: HB 2030  
Subject: Fire Protection, Political Subdivisions, Taxation and Revenue - Sales and Use  
Type: Original  
Date: February 20, 2018

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Bill Summary: This proposal authorizes any fire protection district in Clay County to impose, upon voter approval, a sales tax dedicated to the fire protection district.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Local Government</b>	<b>\$0</b>	<b>\$0 or Unknown</b>	<b>\$0 Unknown</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at the **Kearney Fire Department** assume that based on the current half cent sales tax imposed by the City of Kearney, they would generate \$671,636 for the district.

Officials at the **Department of Revenue** assume there is no fiscal impact from this proposal.

Officials at **Clay County, Excelsior Springs Fire Department** and the **Liberty Fire Department** did not respond to Oversight's request for fiscal impact.

**Oversight** notes the following fire protection districts are located in Clay County:

- Claycomo Fire Department
- Excelsior Springs Fire Department
- Gladstone Fire Department
- Kearney Fire Department
- Liberty Fire Department
- Mosby Fire Department
- Fishing River Fire Protection District
- North Kansas City Fire Department
- Pleasant Valley Fire Department
- Smithville Fire Department

**Oversight** assumes this proposal allows a fire protection district within Clay County to implement a one half of one percent sales tax to help fund the district. There is the possibility that the county or one or more additional local governments could implement the sales tax. The following table indicates the potential revenue for the local governments in Clay County.

For fiscal note purposes **Oversight** will indicate a range of additional local government revenue from \$0 (the sales tax is not adopted by the governing body of any local government and/or voters fail to approve the sales tax) to an unknown amount, dependent upon which fire protection districts in Clay County decide to submit the sales tax to the voters.

ASSUMPTION (continued)

Government	2016 Taxable Sales and Use Base	Gross Potential Revenue
Clay County	\$3,690,840,477	\$18,454,202
Claycomo	\$32,953,148	\$164,766
Excelsior Springs	\$175,676,310	\$878,382
Gladstone	\$355,496,350	\$1,777,482
Kearney	\$143,458,034	\$717,290
Liberty	\$493,619,777	\$2,468,099
Mosby	\$4,623,839	\$23,119
North Kansas City	\$409,742,054	\$2,048,710
Pleasant Valley	\$30,604,045	\$153,020
Smithville	\$94,281,032	\$471,405

**Oversight** notes that if the proposal is adopted DOR would be allowed to keep 1% of the amount of sales tax collected to cover their expenses.

**Oversight** notes the effective date of this proposal would be August 28, 2018. The first possible election to approve the sales tax could be held at the general municipal election in April 2019 (FY 2019). Therefore, the earliest the sales tax could become effective would be the first day of the second calendar quarter after the Department of Revenue is notified of voter approval. In this case, the earliest effective date assuming voter approval at the April 2019 general municipal election would be October 1, 2019 (FY 2020). Therefore, only nine months of taxes would be collected in FY 2020.

Officials at the **Office of Administration Division of Budget and Planning** did not respond to Oversight's request for fiscal impact.

FISCAL IMPACT - State Government

FY 2019

FY 2020  
(9 Mo.)

FY 2021

**GENERAL REVENUE FUND**

Additional Revenue - DOR - 1%  
 Collection charges

\$0   \$0 or Unknown   \$0 or Unknown

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

**\$0**   **\$0 or Unknown**   **\$0 or Unknown**

FISCAL IMPACT - Local Government

FY 2019

FY 2020  
(9 Mo.)

FY 2021

**FIRE PROTECTION DISTRICTS  
 CLAY COUNTY**

Additional Revenues -additional half cent  
 Sales taxes for Public Safety

\$0   \$0 or Unknown   \$0 or Unknown

Loss - 1% Collection Fee kept by DOR

\$0   \$0 or  
(Unknown)   \$0 or  
(Unknown)

**ESTIMATED NET EFFECT ON THE  
 FIRE PROTECTION DISTRICTS IN  
 CLAY COUNTY**

**\$0**   **\$0 or Unknown**   **\$0 or Unknown**

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses in Clay County which purchase taxable items.

### FISCAL DESCRIPTION

This bill authorizes all fire protection districts located in Clay County to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of providing revenue for the fire protection district. Currently, only the Smithville Fire Protection District in Clay County is authorized to impose this tax.

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

Department of Revenue  
Kearney Fire Department

Ross Strope



Acting Director  
February 20, 2018