

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2320-01
Bill No.: HB 1075
Subject: Political Subdivisions; Taxation and Revenue - Sales and Use; Tourism
Type: Original
Date: March 16, 2015

Bill Summary: This proposal would allow the City of Archie to adopt a tourism sales tax upon approval by the voters.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

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 2016	FY 2017	FY 2018
Local Government	\$0 or (Unknown)	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive agency responses in a timely manner due to the short fiscal note request time. Oversight has prepared this fiscal note with the best current information that we have, or with prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will prepare an updated fiscal note and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Although they did not respond to our request for information, officials from the **Department of Revenue** assumed a similar proposal in a previous session (HB 140, LR 0448-01, 2013) would have no fiscal impact to their organization.

Officials from the **Joint Committee on Administrative Rules** and the **Department of Economic Development** assume this proposal would have no impact on their organizations.

Officials from the **Office of the Secretary of State**, the **Office of Administration - Division of Budget and Planning**, the **Department of Economic Development, Cass County**, and the **City of Archie** did not respond to our request for information.

Oversight assumptions

Oversight notes this proposal would allow the City of Archie to impose a transient guest tax, upon voter approval, for the promotion of tourism; however, Oversight has no information as to the number of facilities nor to the rental revenues which would be subject to the tax.

Oversight notes the election to approve the sales tax could be held in April 2016 (FY 2016) or in August or November 2016 (FY 2017); 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 2016 municipal election) would be October 1, 2016 (FY 2017).

Oversight will assume the election would be held at the first opportunity, and will include election costs in FY 2016 for this proposal from \$0 (no election held) or Unknown. Oversight will also indicate additional tax revenues for FY 2017 and FY 2018 of \$0 (no taxable entities, no election held, or the voters disapprove the tax) or Unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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LOCAL GOVERNMENTS

Additional Revenues

Sales taxes			
Section 67.1360	\$0	\$0 or Unknown	\$0 or Unknown

Additional cost

Elections	\$0 or		
Section 67.1360	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>

ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	\$0 or <u>(Unknown)</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would add the City of Archie to the list of cities and counties that may impose, upon voter approval, a transient guest tax of between 2% and 5% for the promotion of tourism.

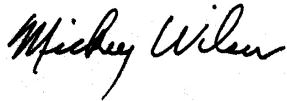
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Administrative Rules
Department of Economic Development

Not responding:

Office of the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Economic Development
Department of Revenue
Cass County
City of Archie



Mickey Wilson, CPA
Director
March 16, 2015

Ross Strobe
Assistant Director
March 16, 2015