

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5696-01
Bill No.: HB 2114
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use;
 Taxation and Revenue - Property; Political Subdivisions; Hospitals
Type: Original
Date: February 8, 2016

Bill Summary: Authorizes Barton County to repeal a property tax in favor of a sales tax dedicated to a hospital district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0 or \$194,000	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from **Barton County Memorial Hospital** reported that under current taxing provisions, property taxes generate annual revenue of approximately \$776,000 annually. Under the proposal, the annual property tax receipts could be replaced by annual sales tax receipts.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Oversight assumes the earliest possible election date to be November of 2016, and if voters approve the measure, the repeal of property taxes becomes effective on December 31, 2016 and the sales tax shall become effective on April 1, 2017. Oversight will range the fiscal impact to Barton County from \$0 (either the proposal is not submitted to voters or the voters reject the proposal) to the estimated loss in property taxes and offsetting increase in sales tax revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (3 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (3 Mo.)	FY 2018	FY 2019
LOCAL GOVERNMENT			
<u>Revenue</u> - Sales and Use Tax - Barton County	\$0 or \$194,000	\$0 or \$776,000	\$0 or \$776,000
<u>Loss</u> - Property Tax - Barton County - replaced with sales tax	_____ \$0	<u>\$0 or (\$776,000)</u>	<u>\$0 or (\$776,000)</u>
ESTIMATED EFFECT ON LOCAL GOVERNMENT	<u>\$0 or \$194,000</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses in Barton County may be impacted by this proposal.

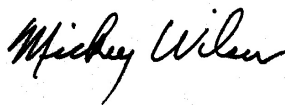
FISCAL DESCRIPTION

The proposed legislation authorizes, upon voter approval, Barton County to repeal a property tax and it with a sales tax of up to 1% for the funding of a hospital district.

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

Barton County Memorial Hospital
 Joint Committee on Administrative Rules



Mickey Wilson, CPA

Ross Strobe

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Assistant Director
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