

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0910-01
Bill No.: SB 244
Subject: Taxation and Revenue; Economic Development; Revenue Department;
Entertainment, Sports and Amusements; Counties.
Type: Original
Date: January 27, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue Fund	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Exhibition Center and Recreational Facility District Sales Tax Trust Fund	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Unknown) or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Revenue (DOR)** did not respond to our request for fiscal impact. However, in response to a similar proposal from this year, DOR assumed the district would be required to submit a list of businesses to DOR. The Division of Business Tax would need to notify the businesses in the district of the tax and reporting requirements. DOR stated that it is unknown how many businesses would need to be mailed the notification letters.

DOR stated that their Information Technology Division would need to make program changes to the MITS system to create and maintain a “shape” file, which would outline the boundaries of the tax free zone. The MITS programming would require 692 hours of programming at a total cost of \$23,085. DOR also assumed State Data Center costs to implement the proposed legislation would be \$4,503. Therefore, DOR assumed total costs of \$27,588 in the first year if the district is created by the voters of

ASSUMPTION (continued)

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the three counties.

Officials from **Miller County** state their county would incur election costs for the establishment of the sales tax for the exhibition center even if the election fails.

Officials from **Camden County** and **Morgan County** did not respond to our request for fiscal impact.

Oversight assumes this proposal is permissive and would require voter approval before any positive fiscal impact would be realized by the state or the new district. Oversight presented the fiscal impact in a range of voters not passing the measure to voters in the new district passing the sales tax. Oversight assumed the sales tax, at the earliest, would be passed by the voters and be effective April 1, 2004. Oversight also assumes the DOR would complete the programming changes after the voters approved the sales tax measure and would therefore, not incur the programming charges if the measure fails.

Oversight assumes the state would retain a 1% collection fee which would be deposited in the State's General Revenue Fund. The amount of revenue that would be generated in a given year is unknown. Oversight also assumes the election costs incurred by the local political subdivisions is unknown and would only be incurred in the first fiscal year.

This proposal could result in an increase in Total State Revenue since collection fees are deposited in the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE FUND			
<u>Income</u> to Department of Revenue			
1% Collection Fee	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> to Department of Revenue			
Programming costs	<u>\$0 or (\$27,588)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

**EXHIBITION CENTER AND
 RECREATIONAL FACILITY
 DISTRICT SALES TAX TRUST
 FUND**

<u>Income</u> - Sales tax proceeds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Transfer Out</u> - to District	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>
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**ESTIMATED NET EFFECT TO THE
 EXHIBITION CENTER AND
 RECREATIONAL FACILITY
 DISTRICT SALES TAX TRUST
 FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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LOCAL POLITICAL SUBDIVISIONS

<u>Expense</u> - Election Costs	\$0 or (Unknown)	\$0	\$0
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<u>Transfer In</u> - Sales tax proceeds transferred from the State's Exhibition Center and Recreational Facility District Sales Tax Trust Fund	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown) or</u> <u>Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - Small Business

Small businesses within the newly created district would have to collect and remit more sales taxes to the State Department of Revenue.

DESCRIPTION

This proposal creates the Exhibition Center & Recreation Facility District Act. The proposal enables citizens of Camden, Miller and Morgan counties to petition to create an exhibition center & recreation facility district. At least fifty property owners in the county must sign the petition.

The petition must include the petitioners' names, a description of the district's boundaries, and the name of the proposed district. Once the petition is filed, the governing body may approve a resolution to create the district. Following a public hearing, the governing body may adopt an order establishing the proposed district.

A board of trustees is created to administer any district created and the expenditure of revenue that accompanies such district. The governing body of each county within the district shall appoint four residents from the portion of the county within the district to serve on the board. The board will have the power to have a seal, sue and be sued, enter into contracts or other agreements affecting the affairs of the district, to borrow money, to issue bonds, to acquire and dispose of real and personal property, to refund bonds without an election, to manage the affairs of the district, to hire agents, to exercise the power of eminent domain, and to amend and adopt bylaws.

The district may submit to its voters a sales tax of up to one-half of one percent. The proposal includes ballot language to that effect. The proposal also includes the creation of a fund to receive such sales tax revenue and instructs the director of revenue to authorize the state treasurer to make disbursements to the district. The tax shall be reduced automatically to a rate of one-tenth of one percent after twenty-five years unless an extension is voted upon by the voters in the district.

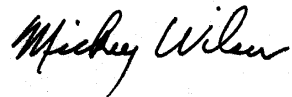
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Office of the State Treasurer
Miller County

NOT RESPONDING: Camden County and Morgan County

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

Mickey Wilson, CPA
Director
January 27, 2003