COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.:   4162-01
Bill No.:   SB 1161
Subject: Counties; Sales Tax, Regional Development Districts
Type: Original
Date: February 17, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	$0 to ($92,340)	$0 or Unknown	$0 or Unknown
Total Estimated Net Effect on General Revenue Fund*	**$0 to ($92,340)**	**$0 or Unknown**	**$0 or Unknown**

* This proposal is permissive and requires voter approval.

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on All 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 2005	FY 2006	FY 2007
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	**$0**	**$0**	**$0**

* This proposal is permissive and requires voter approval.

FISCAL ANALYSIS

ASSUMPTION

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

Officials of the **Department of Revenue** assume the provisions of **Section 67.799** would have fiscal impact to the Department of Revenue - Division of Taxation. Officials stated that the proposal amends district tax to allow a district within part of a county, not the whole county, with the approval by the voters within the district only, not voters of the whole county. Officials stated if the voters would approve a part rather than a defined area, the DOR would have cost from Programming to their existing MITS system. Officials estimate there would be programming costs if the district does not conform to existing city or county boundaries Officials estimate costs of $92,340 for 2,768 hours of programming.

Oversight will show fiscal impact to the **Department of Revenue - Division of Taxation** as $0 to $92,340. Oversight assumes if voters would **not** approve the district, there would be no fiscal impact, or if boundaries would be drawn to existing boundaries there would be no fiscal impact. If a county or city were broken down into areas, then fiscal impact for programming changes could be as much as estimated by the DOR. Fiscal impact will be show as $0 to $92,340.

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ASSUMPTION (continued)

Certain counties would realize the cost of an election, which is required to establish a district, and the district would realize income generated by the sales tax, and would have costs related to the operation and maintenance of the district. All amounts of income and costs are indeterminable.

FISCAL IMPACT - State Government	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
Income to Department of Revenue 1% sales tax collection fee. Sec. 67.2000	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**
Potential Cost to Department of Revenue from changes in Section 67.799 programming costs	**$0 to ($92,340)**	**$0**	**$0**
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	**** $0 to ($92,340)**	**$0 or Unknown**	**$0 or Unknown**

** Oversight assumes in FY 05 if the collection fee of 1% would not equal or be greater than the programming costs, provided a district were drawn that would require programming up-grades.

FISCAL IMPACT - Local Government	FY 2005 (10 Mo.)	FY 2006	FY 2007
REGIONAL RECREATION DISTRICT FUND			
Income to Regional Recreation District from voter approved sales tax	$0 or Unknown	$0 or Unknown	$0 or Unknown

Cost to Regional Recreation District from operation and maintenance of the dist, election cost, etc.	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT TO EXHIBITION AND RECREATION FACILITY DISTRICT FUND *	**$0**	**$0**	**$0**

*Oversight assumes costs would not exceed income resulting in either an annual positive fund balance or a zero fund balance.

FISCAL IMPACT - Small Business

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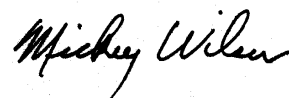
DESCRIPTION

Current law enables the creation of regional recreation districts. This proposal would permit a county to establish a regional recreation district on undeveloped property if all persons owning property within the proposed district consent and there are no eligible qualified voters residing within the district. Otherwise, the eligible and qualified voters of the district would approve the formation of the district by a public vote. The act also permits a sales tax to be submitted for a vote for the district under similar terms as above.

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 Economic Development
Department of Revenue

Mickey Wilson

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February 17, 2004

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