

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4670-02  
Bill No.: Perfected SCS for SB 1269  
Subject: Taxation and Revenue - Local Sales and Use; Counties; Political Subdivisions  
Type: Original  
Date: March 31, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government*</b>	<b>UNKNOWN</b>	<b>UNKNOWN</b>	<b>UNKNOWN</b>

\*Requires voter approval before an impact would occur.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Revenue (DOR)** assume this legislation expands the community improvement district law. It may have an impact on the Division of Taxation by creating more districts for DOR to track.

DOR assumes by allowing additional districts, additional programming to the existing MITS system will be required (692 hours for a cost of \$23,085) for each district that does not coincide with the boundaries of existing political subdivisions. If there are additional community improvement districts, they will create the need for additional staff to track and maintain the new districts created by this legislation (one Tax Processing Technician I).

DOR assumes for each district created using the same boundaries as existing political subdivisions, there would be no additional programming costs.

It is unknown how many additional districts may be formed as a result of this legislation. It is also unknown if there are additional districts, whether the boundaries would be the same as existing political subdivisions.

DOR assumes for purposes of the response, that there will be at least one new district with non conforming boundaries.

ASSUMPTION (continued)

Officials from **Jefferson County** state the fiscal impact on this bill is potentially a positive one in that it will allow for additional tax revenue to pay for community improvement projects and possibly create additional revenues as a result of the improvements.

**Jasper County** officials assume no cost to counties from this legislation.

Officials from the **City of Kansas City** assume this legislation would not generate revenues or savings and would not have any cost or loss to their agency.

**Oversight** notes that any sales tax proposed would have to be approved by the voters of the improvement districts. **Oversight** assumes that if a district which does not comprise a county or municipality imposes a sales tax, then DOR officials could request additional resources from the General Assembly in order to administer the sales tax.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<u>Income - Cities/Counties</u> Increased Sale/Use Tax	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>TOTAL ESTIMATED NET EFFECT ON LOCAL GOVERNMENT*</b>	<u><b>UNKNOWN</b></u>	<u><b>UNKNOWN</b></u>	<u><b>UNKNOWN</b></u>

**\*Requires voter approval before an impact would occur.**

FISCAL IMPACT - Small Business

Small businesses in districts where voters approve an increase in sales/use tax would be expected to collect/pay the higher rate as a result of this proposal.

## DESCRIPTION

This proposal expands the community improvement district law to enable any district formed as a political subdivision to establish a sales tax to fund the district. Current law enables this tax for Kansas City only. Consistent with constitutional provisions, such tax, under the current law, would have to be submitted to a vote of the people.

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  
Jefferson County  
Jasper County  
City of Kansas City



Mickey Wilson, CPA  
Director  
March 31, 2004