

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1758-01  
Bill No.: SB 397  
Subject: Kansas city; Taxation and Revenue - Sales and Use; Urban Redevelopment  
Type: Original  
Date: March 18, 2015

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Bill Summary: This proposal authorizes Community Improvement Districts created by Kansas City in Clay County to impose a sales tax and modifies what the funds may be used for.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials at the **City of Kansas City** were unable to ascertain a fiscal impact from this proposal. The extent to which revenues might increase are dependent on the extent to which the City might seek to initiate one or more community improvement districts in Clay County, the success of such efforts, and the types of taxes levied and their duration. The bill creates new opportunities to increase revenues by authorizing the City to seek to approve a sales and use tax, in addition to the currently authorized real property tax. This bill will likely result in savings as the successful creation of one or more community improvement districts with independent and additional funding mechanisms is anticipated to free City resources that might otherwise have been expended. The creation of one or more community improvement districts will require that the City incur costs relative to providing notice and conducting elections. The extent of those costs is dependent on the extent to which the City seeks to establish one or more community improvement districts.

**Oversight** assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approved by the majority of voters. Oversight will reflect a \$0 impact to local political subdivisions. Currently, only Kansas City may file a petition to initiate the process to establish a community improvement district in Clay County. The governing body of the city shall not submit the question to the qualified voters of the district on more than one occasion.

Officials at the **Department of Revenue**, the **Office of the Secretary of State**, the **State Tax Commission** and the **Office of the State Treasurer** each assume no fiscal impact to their respective agencies from this proposal.

Officials at Clay County did not provide a response to **Oversight's** request for fiscal impact.

<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
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses. Currently, Kansas City may establish Community Improvement Districts in Clay County without signatures from the property owners in the proposed district. Such a district may only be funded by a real property tax. This act allows such a district to be funded by a sales and use tax of up to one percent.

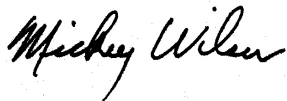
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

Office of the Secretary of State  
State Tax Commission  
Department of Revenue  
Office of the State Treasurer  
City of Kansas City



Mickey Wilson, CPA  
Director  
March 18, 2015

Ross Strobe  
Assistant Director  
March 18, 2015