

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0208-02
Bill No.: Perfected SCS for SB 138
Subject: Kansas City; Transportation; Taxation and Revenue – Sales and Use
Type: Original
Date: February 23, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$151,500	\$306,030	\$154,545
Total Estimated Net Effect on General Revenue Fund	\$151,500	\$306,030	\$154,545

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$14,998,500	\$30,296,970	\$15,299,970

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue and Department of Transportation** assume this legislation would have no fiscal impact on their agencies.

Officials with the **Kansas City Area Transportation Authority (KCATA)** assume this proposal would replace the sunset date of December 31, 2005 with December 31, 2007, on the one-half cent sales tax that supports their operations. KCATA officials state that the tax currently generates approximately \$30 million per year in revenues, which increases at a rate of approximately 1% per year.

Using a 1% annual growth rate, **Oversight** assumes sales tax revenues resulting from this tax to be approximately \$30.3 million in FY06, \$30.6 million in FY07, and \$15.3 million in FY08 (the tax would expire halfway through FY08). **Oversight** further assumes that the state levies a 1% collection fee on local sales taxes it collects. Thus, collection fees totaling approximately \$151,500 in FY06 (for six months), \$306,030 in FY07, and \$154,545 in FY08 (6 months) would be credited to General Revenue as a result of this proposal.

This proposal would increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Income</u> – 1% Collection Fee	\$151,500	\$306,030	\$154,545
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$151,500</u>	<u>\$306,030</u>	<u>\$154,545</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
<u>Income</u> – to Kansas City Area Transportation Authority 1/2% Sales Tax	\$14,998,500	\$30,296,970	\$15,299,970
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$14,998,500</u>	<u>\$30,296,970</u>	<u>\$15,299,970</u>

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that they pay local sales tax on taxable items. The extension of the Kansas City transportation sales tax would cause small businesses to continue to pay the local rate for such taxable items.

DESCRIPTION

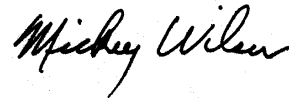
This act extends the Kansas City area mass transportation sales tax from December 31, 2005 to December 31, 2007.

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
Department of Transportation
Kansas City Area Transportation Authority

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
February 23, 2005