

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0208-03  
Bill No.: HCS for SCS for SB 138  
Subject: Kansas City; Transportation; Taxation and Revenue – Sales and Use  
Type: Original  
Date: April 20, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$151,500	\$306,030	\$309,090
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$151,500</b>	<b>\$306,030</b>	<b>\$309,090</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$14,998,500</b>	<b>\$30,296,970</b>	<b>\$30,599,940</b>

### FISCAL ANALYSIS

#### ASSUMPTION

In response to a previous version of this proposal (FN #0208-02/Perfecting SCS for SB 138), officials with the **Department of Revenue** and **Department of Transportation** assumed the legislation would have no fiscal impact on their agencies.

In response to a previous version of this proposal (FN #0208-02/Perfecting SCS for SB 138), officials with the **Kansas City Area Transportation Authority (KCATA)** stated 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 \$30.9 million in 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 \$309,090 in FY08 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
<b>GENERAL REVENUE FUND</b>			
<u>Income</u> – 1% Collection Fee	\$151,500	\$306,030	\$309,090
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$151,500</u></b>	<b><u>\$306,030</u></b>	<b><u>\$309,090</u></b>
<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	\$30,599,940
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>\$14,998,500</u></b>	<b><u>\$30,296,970</u></b>	<b><u>\$30,599,940</u></b>

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

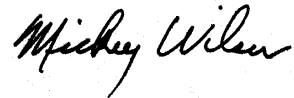
This act removes the sunset provision on the Kansas City area mass transportation sales tax, which is current slated to expire on December 31, 2005.

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



Mickey Wilson, CPA  
Director  
April 20, 2005