

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0941-01
Bill No.: SB 431
Subject: Boards, Commissions, Committees, Councils; Cities, Towns and Villages;
Historic Preservation; Museums; Revenue Dept.; Taxation and Revenue – Sales
and Use; Tourism
Type: Original
Date: March 8, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue Fund	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue**—in response to a similar proposal (FN #0382-01, HB 48)—assume if they were to enter into an agreement to collect the tax, they could handle the additional workload with existing resources.

Oversight assumes if the Department of Revenue collects the sales tax, the DOR would retain a 1% fee for collecting the tax. The amount of money generated by the 1% fee is indeterminable and is unknown. Oversight will show fiscal impact to the State’s General Revenue Fund as \$0 to Unknown. The impact would be \$0 if the city would collect it’s own sales tax.

Officials of the **City of Independence** stated that a portion of the revenue would be recommended to operate the National Frontier Trails Museum, a facility owned by the State and operated by the City of Independence. The remaining funds would be used for tourism related activities.

Officials estimate that a 2% restaurant tax would generate \$2.6 million annually.

Oversight assumes there would be two trust funds established: the “Museum Trust Fund” and the “Tourism-Related Trust Fund”. All funds would be appropriated by the City Council

ASSUMPTION (continued)

Because Oversight does not know what appropriation amounts would be directed to each fund, therefore, fiscal impact will be shown as Unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
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GENERAL REVENUE FUND

<u>Income</u> to Department of Revenue 1% collection fee	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006	FY 2007	FY 2008
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CITY OF INDEPENDENCE

<u>Income</u> to Museum Trust Fund from sales tax appropriation	Unknown	Unknown	Unknown
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<u>Cost</u> to Museum Trust Fund museum related activities	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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Estimated Net Effect to Museum Trust Fund *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>Income</u> to Tourism-Related Trust Fund from sales tax appropriation	Unknown	Unknown	Unknown
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<u>Cost</u> to Tourism-Related Trust Fund providing tourism related activities	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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Estimated Net Effect To Tourism- Related Trust Fund *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT- Local Government (continued)

*** Oversight assumes in any given year, that costs would not exceed income. Therefore, fiscal impact would be either \$0 if all money were spent, or a positive Unknown fund balance. For purposes of this fiscal note, impact will be shown as \$0.**

FISCAL IMPACT - Small Business

Food establishments located within the sales tax district would be expected to collect and account for all sales tax.

DESCRIPTION

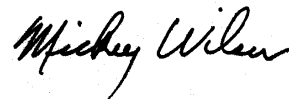
This bill authorizes the City of Independence, upon voter approval, to impose a sales tax in increments of one-eighth of 1% up to a maximum of 2% on all retail sales of food within the city to be used for museums and tourism-related activities. Museum and tourism-related activities that will qualify for the tax revenue are defined as well as the method of collecting the tax. A procedure is established for the repeal of the tax.

The bill contains an emergency clause.

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
City of Independence



Mickey Wilson, CPA
Director
March 8, 2005