

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 1146-01
Bill No.: SB 239
Subject: Cities: Taxes, Capital Improvements
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	\$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 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue - Taxation Division** stated that this legislation potentially creates an item tax where a food establishment would have to collect two different rates. Due to the small number of affected businesses, the department could handle the additional workload with existing personnel.

The **City of Lamar Heights** did not respond.

Oversight assumes that this legislation allows the Department of Revenue to withhold a 1% collection fee for collecting the sales tax on food. Therefore, Oversight will show income to the State's General Revenue Fund as \$0 if voters did not approve the tax or a positive Unknown if voters approve the imposition of the tax.

FISCAL IMPACT - State Government FY 2006 FY 2007 FY 2008

GENERAL REVENUE FUND

Income to Department of Revenue
 1% collection fee \$0 or Unknown \$0 or Unknown \$0 or Unknown

FISCAL IMPACT - Local Government FY 2006 FY 2007 FY 2008

**CITY OF LAMAR HEIGHTS
 CAPITAL IMPROVEMENTS TRUST
 FUND**

Income to Capital Improvements Trust
 Fund
 from voter approved sales tax on food,
 and transient guest tax on lodging. Unknown Unknown Unknown

Cost to Capital Improvements Trust
 Fund
 from funding capital improvement
 projects (Unknown) (Unknown) (Unknown)

**ESTIMATED NET EFFECT TO
 LOCAL GOVERNMENT *** \$0 or Unknown \$0 or Unknown \$0 or Unknown

*** Oversight assumes annual cost would not exceed income, which would result in a positive fund balance. For purposes of this fiscal not Oversight will show annual fiscal impact as \$0 or Unknown. This proposal has an emergency clause.**

FISCAL IMPACT - Small Business

Small businesses located within the City of Lamar Heights that are in the food business or lodging business would be expected to collect an additional tax on food items and hotel/motel rooms as defined by this proposal.

DESCRIPTION

This bill authorizes the City of Lamar Heights to impose, upon voter approval, a room tax of not more than 6% per night and a local sales tax on food of not more than 2%. These taxes will be in addition to any other taxes authorized by law and used solely for capital improvements.

The bill contains an emergency clause.

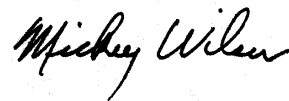
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue - Taxation Division

NOT RESPONDING

City of Lamar Heights



Mickey Wilson, CPA
Director
February 23, 2005