

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1570-01  
Bill No.: SB 358  
Subject: Tourism; Taxation and Revenue; Boards, Commissions, Committees, Councils;  
Business and Commerce.  
Type: Original  
Date: February 25, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE 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>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 5 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>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Revenue** and the **Department of Elementary and Secondary Education** each assume the proposal will not fiscally impact their respective agencies.

Officials from the city of **Kimberling City** assume the proposal will result in revenues of \$207,000 in FY 2006 and \$280,000 in FY 2007.

Officials from the city of **Branson** and the counties of **Taney, Stone, Ozark** and **Barry** did not respond to Oversight's request for fiscal impact.

The statutes regarding the tourism community enhancement districts were adopted in the 2001 session, with SBs 232 and 230. **Oversight** assumes the changes made with this proposal still do not mandate the local governments to establish such a district and local voter approval is still required. Therefore, Oversight assumes the proposal will not have a fiscal impact to the local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal addresses tourism community enhancement districts. The proposal raises the minimum number of members of the board of directors in each tourism district from 5 to 7.

**BOARD SELECTION AND TERM** - Three members are selected by the governing body in that district which collected the largest amount of retail sales tax in the year preceding the establishment of the district and shall serve for a term of three years. Two members are selected by the governing body that collected the second largest amount of retail sales tax within the district in the year preceding the establishment of the district and shall serve for two years. In the event that no such place exists in the district, two members are selected by the governing body that collected the largest amount of retail sales tax within the district in the year preceding the establishment of the district. The remaining members shall serve a term of one year each. One member is selected by the governing body which collected the largest amount of retail sales tax within the district in the year preceding the establishment of the district. One member is selected by the governing body of the county that collected the second largest amount. Every member shall either be a resident of the district, own real property in the district, be employed by a business in the district or operate a business in the district.

**VACANCIES** - Any vacancy in the board is filled in the same way the person who vacated the position was selected within sixty days of the vacancy, and the new person serves the remainder of the term. Should no person be selected in the sixty days, the remaining members of the board shall select a person to serve the remainder of the vacated seat.

DESCRIPTION (continued)

OTHER PROVISIONS - If a tourism community enhancement district is already in existence, one additional board member shall be appointed by the governing body that collected the largest amount of retail sales tax in that district in the preceding year. This is a one year appointment. The additional board members are appointed by the second largest collector of retail sales tax for a two year term. Thereafter, all board members shall serve three year terms. The first a second board positions, when expired, are appointed by the governing body that collected the largest amount of retail sales tax. The third and fourth board positions are appointed by the governing body with the second largest amount. The fifth board position is appointed by the governing body which collected the largest amount of retail sales tax within the district in the year preceding the establishment of the district.

The proposal has a new provision which allows the board, by a majority vote, to submit a tax of not more than one percent on all retail sales except sales of food (as defined in Section 144.014).

The proposal also allows one percent of the revenues collected from the tax authorized by the act to be held in reserve to be used by the board for the reimbursement or administrative expenses involved with the board's duties listed in the act.

Ninety-eight percent of the revenues collected from the tax shall be used for marketing, advertising and promotion of tourism. The district shall enter into agreements with organizations to promote public relations, tourism and the like for the benefit of the district. Two percent of the revenues may be distributed among each destination marketing organization, located in each school district, for marketing based upon a marketing plan which shall be submitted each year by the marketing organizations located in the district if the marketing plan is approved by the board.

One percent of the revenues collected from the tax may be retained by the Missouri Department of Revenue or any other entity responsible for the collection of sales tax.

This proposal eliminates the previous calculations for the distribution of revenue collected from the tax. Additionally, members of the board of directors may be removed by a majority vote of the appointing governing body whereas previously it was a two-thirds vote.

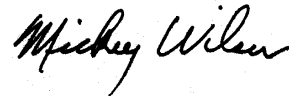
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Revenue  
City of Kimberling City

**NOT RESPONDING: City of Branson, counties of Taney, Stone, Ozark and Barry**



Mickey Wilson, CPA  
Director  
February 25, 2005