

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0805-02
Bill No.: Perfected SCS for SB 190
Subject: Kansas City; Taxation and Revenue - Sales and Use; Transportation
Type: Original
Date: April 13, 2015

Bill Summary: This proposal would remove the current expiration date for the Kansas City transportation sales tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government *	\$0	\$0	\$0

* Net of additional revenues and expenditures.

FISCAL ANALYSIS

ASSUMPTION

This proposal would eliminate the expiration of a portion of the Kansas City Area Transportation Sales Tax. (Under current law that portion of the tax is scheduled to expire December 31, 2015.)

Officials from the **City of Kansas City** stated this proposal would maintain transportation sales tax revenues of \$12,166,167 for January 1, 2016 to April 30, 2016, and \$36,500,000 per year for FY 2017 and FY 2018.

Oversight has no independent information regarding transportation sales tax revenues and will assume for fiscal note purposes the City of Kansas City response is the best available estimate of the impact of this proposal.

Oversight notes that current provisions would let a portion of the sales tax expire on December 31, 2015 (FY 2016) and the proposal would extend the sales tax indefinitely. If the sales tax expired, the revenue reduction for the City of Kansas City from January 1, 2016 to June 30, 2016 (FY 2016) would be $(\$36,500,000 \times 6/12) = \$18,250,000$ (disregarding reporting and distribution delays), and the fiscal impact of this proposal for FY 2017 and FY 2018 would be \$36,500,000 per year. Oversight will include these amounts in this fiscal note.

For simplicity, **Oversight** will not include any impact for the Department of Revenue's collection costs. Oversight will also assume that all or substantially all of the sales tax revenues would be expended on transportation costs and will so indicate in this fiscal note.

Officials from the **Kansas City Election Board** assumed this proposal could result in jurisdiction-wide election at a cost of \$400,000.

Oversight notes that current provisions regarding the KCATA Sales Tax do not appear to provide for an election.

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Department of Revenue**, the **Jackson County Election Board**, and the **Platte County Board of Elections** assume this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Budget and Planning** assumed a previous version of this proposal would have no fiscal impact on their organization.

Not responding:

Officials from Jackson County, Belton, Excelsior Springs, Gladstone, Grandview, Harrisonville, Independence, the Kansas City Area Transit Authority, Kearney, Lees Summit, Liberty, Peculiar, Raytown, Sugar Creek, Cass County Elections, Clay County, the Clay County Board of Election Commissioners, the Jackson County Executive, and Platte County did not respond to our request for fiscal information.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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LOCAL GOVERNMENTS

<u>Additional revenue</u> - City of Kansas City			
Sales tax	\$18,250,000	\$36,500,000	\$36,500,000

<u>Additional expenditures</u> - City of Kansas City			
Transportation	<u>(\$18,250,000)</u>	<u>(\$36,500,000)</u>	<u>(\$36,500,000)</u>

ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

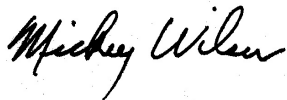
FISCAL DESCRIPTION

The proposed legislation would remove the current expiration date for the Kansas City transportation sales tax.

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

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Revenue
City of Kansas City
Platte County Board of Elections



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Director
April 13, 2015

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April 13, 2015