

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0805-04
Bill No.: HCS for SCS for SB 190
Subject: Kansas City; Taxation and Revenue - Sales and Use; Transportation
Type: Original
Date: May 1, 2015

Bill Summary: This proposal would remove the current expiration date for the Kansas City transportation sales tax and would add statutory audit requirements for transportation development districts.

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 7 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

Section 92.402, RSMo. - Kansas City Area Transportation Sales Tax:

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 a previous version of 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** assumed a previous version of 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.

Sections 105.145, 238.222, and 238.272, RSMo. - Transportation Development Districts:

Changes to these provisions would provide specific statutory audit requirements for transportation development districts.

Officials from the **Office of the State Auditor** assumed similar language in HCS for HB 477 LR 1681-03 would have no fiscal impact on their organization.

In response to similar language in HCS for HB 477 LR 1681-03, officials from the **Department of Revenue** assumed this legislation would require the department to create a form. DOR officials assumed the form could be set up in the department's existing county fees system without any additional resources.

Oversight notes the Office of the State Auditor (SAO) issued report No. 2013-065 in 2013 entitled Transportation Development Districts regarding their financial statement reporting requirements. The report stated as of December 31, 2011, 49 districts (of the 176 at the time) filed financial statements/audit reports late or did not file financial statements with the Office of the State Auditor at all. While a fine for late filing of financial statements is provided, Section 105.145.8 currently does not establish the agency responsible for the assessment or a collection mechanism for these fines; therefore, no fine revenue has been collected to date. The report also stated, as of February 1, 2013, the potential accumulated fine amounts were \$16,859,000.

ASSUMPTION (continued)

IT impact

DOR officials provided an estimate of the IT cost to implement this proposal of \$10,449 based on 139 hours of programming at the current state contract rate for IT services.

Oversight assumes DOR could absorb the IT cost to implement this proposal with existing resources.

Oversight also notes this proposal would require future fine revenue to be distributed to local school districts (after the Department of Revenue retains a collection fee of not more than two percent) in the same manner that proceeds for all penalties, forfeitures, and fines collected for any breach of the penal law of the state are distributed.

Oversight assumes the \$500 fine is already established in statutes and that Transportation Development Districts (currently 195 districts) would timely submit their financial statements. Therefore, Oversight will assume no additional fiscal impact from this proposal.

In response to a similar proposal (HB 136 LR 0499-01) from this year, officials from **Department of Transportation** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal (HB 136 LR 0499-01) from this year, officials from the **City of Kansas City Public School District** assumed the proposal would have no fiscal impact on their organization.

Bill as a whole response

Officials from the **Platte County Board of Elections** assume this proposal would have no fiscal impact on their organization.

<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.

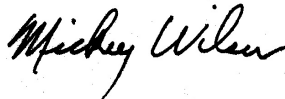
FISCAL DESCRIPTION

The proposed legislation would remove the current expiration date for the Kansas City transportation sales tax and would provide specific statutory requirements for audits of transportation development districts.

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
May 1, 2015

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May 1, 2015