

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0790-01
Bill No.: SB 191
Subject: Taxation and Revenue - Sales and Use; Cities, Towns, and Villages
Type: Original
Date: February 16, 2017

Bill Summary: This proposal authorizes the City of Jackson to impose a sales tax for public safety purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0	\$0 or Up to \$825,000	\$0 or Up to \$1,100,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Public Safety’s Director’s Office**, the **Office of the Secretary of State** and the **Department of Revenue** each assume no fiscal impact to their respective agencies from this proposal.

Officials from the City of Jackson did not respond to **Oversight’s** request for fiscal impact.

Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city to approve the imposition of a sales tax. Should the voters approve the imposition of a sales tax, the city could expect revenue to be generated and there would be costs for improving the public safety of the city. Oversight assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State’s General Revenue Fund.

According to information found on the Tax and Fee Distribution Summary from the Department of Revenue’s Financial and Statistical Report for fiscal year ending June 30, 2015, the City of Jackson received local sales tax of \$4,364,016 (2% for city). Previous years for local sales tax for the City of Jackson were \$4,087,896 in FY 2014 and \$3,599,813 in FY 2013. Using the local sales tax of \$4,364,016 and dividing by 2% (city sales tax rate) would yield a sales base of \$218,200,800. Then multiplying the additional ½% would yield up to \$1,100,000 in new tax revenue for the City of Jackson annually. Therefore, **Oversight** will assume \$0 (not approved) or up to \$1,100,000 for a fiscal impact for this proposal. Oversight also assumes a municipal election in April 2018. If the new tax rate for the City of Jackson is approved by the majority of voters, the additional tax would begin October 1, 2018 (FY 2019).

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019 (9 Mo.)	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019 (9 Mo.)	FY 2020
CITY OF JACKSON FUNDS			
<u>Revenue</u> - from additional sales tax increase	\$0	\$0 or Up to <u>\$825,000</u>	\$0 or Up to <u>\$1,100,000</u>
ESTIMATED NET EFFECT ON THE CITY OF JACKSON FUNDS	<u>\$0</u>	\$0 or Up to <u>\$825,000</u>	\$0 or Up to <u>\$1,100,000</u>

FISCAL IMPACT - Small Business

There could be a direct fiscal impact to small businesses as a result of this proposal.

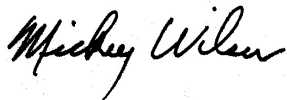
FISCAL DESCRIPTION

This act authorizes the city of Jackson to impose a sales tax for the purpose of improving public safety.

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 Public Safety
Director's Office
Office of the Secretary of State
Department of Revenue



Mickey Wilson, CPA
Director
February 16, 2017

Ross Strope
Assistant Director
February 16, 2017