

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0447S.01I
 Bill No.: SB 104
 Subject: Cities, Towns, and Villages; Taxation and Revenue - Sales and Use
 Type: Original
 Date: January 30, 2025

Bill Summary: This proposal authorizes the village of Sunrise Beach to impose a sales tax for public safety.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0	\$0 or up to \$1,950**	\$0 or up to \$2,984
Total Estimated Net Effect on General Revenue	\$0	\$0 or up to \$1,950**	\$0 or up to \$2,984

*Represents the potential 1% Department of Revenue collection fee, if voters approve the sales tax(es).

** The estimated fiscal impact for fiscal year 2027 is lesser because FY 2027 is a partial year (8 months).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Village of Sunrise Beach*	\$0	\$0 or up to \$193,088**	\$0 or up to \$295,424
Local Government	\$0	\$0 or up to \$193,088**	\$0 or up to \$295,424

*Pending voter approval.

** The estimated fiscal impact for fiscal year 2027 is lesser because FY 2027 is a partial year (8 months).

FISCAL ANALYSIS

ASSUMPTION

Section 94.900 - Village of Sunrise Beach Public Safety Sales Tax

Officials from the **Department of Revenue (DOR)** note this proposal allows a village with more than four hundred thirty but fewer than four hundred eighty inhabitants and partially located in a county with more than forty thousand but fewer than fifty thousand inhabitants and with a county seat with more than two thousand but fewer than six thousand inhabitants to adopt a sales tax for the purpose of funding public safety. DOR believes this is Sunrise Beach.

DOR records show that Sunrise Beach has taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$5,838,331	\$13,526,486	\$15,734,969	\$7,228,722	\$42,328,508
2021	\$7,048,910	\$13,555,591	\$15,540,917	\$8,049,232	\$44,194,651
2022	\$7,048,393	\$14,467,865	\$16,470,014	\$7,610,478	\$45,596,750
2023	\$7,724,185	\$16,244,642	\$20,493,780	\$9,592,952	\$54,055,558

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the Sunrise Beach would collect, and the fee retained by DOR as:

Fiscal Year	Total Sales	Total Collections	DOR 1% Fee	Final Collection
2026	\$57,364,191	\$286,821	\$2,868	\$283,953
2027	\$58,511,475	\$292,557	\$2,926	\$289,632
2028	\$59,681,704	\$298,409	\$2,984	\$295,424

DOR notes that this proposal would become effective on August 28, 2025, and the first election this issue could be presented to the voters would be the April 2026 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2026 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of tax, so DOR estimates an impact for FY 2027 of 8 months.

Sunrise Beach	1/2 of 1% Tax	
Fiscal Year	DOR 1%	Local Collection
2026	\$0	\$0
2027 (8 months)	\$1,950	\$193,088
2028	\$2,984	\$295,424

*Effective Date 8/28/2025

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 94.900.1(1)(n) – The bill allows the Village of Sunrise Beach to establish a 0.5% sales tax for the purpose of public safety. B&P defers to the local government for the fiscal impact. DOR’s retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection and to DOR for more specific estimates of actual collection costs.

Oversight will range the fiscal impact from \$0 (not approved by voters) up to the estimates calculated by the Department of Revenue for the fiscal impact to general revenue and local political subdivisions.

<u>FISCAL IMPACT – State Government</u>	FY 2026	FY 2027 (8 Mo.)	FY 2028
GENERAL REVENUE			
<u>Potential Revenue Gain</u> - §94.900 - DOR 1% Collection Fee, if approved by voters	\$0	\$0 or up to \$1,950	\$0 or up to \$2,984
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0 or up to \$1,950	\$0 or up to \$2,984

<u>FISCAL IMPACT – Local Government</u>	FY 2026	FY 2027 (8 Mo.)	FY 2028
VILLAGE OF SUNRISE BEACH			
<u>Potential Revenue Gain</u> - §94.900 - Public Safety Sales Tax if approved by voters	\$0	\$0 or up to \$193,088	\$0 or up to \$295,424

<u>FISCAL IMPACT – Local Government</u>	FY 2026	FY 2027 (8 Mo.)	FY 2028
ESTIMATED NET EFFECT ON VILLAGE OF SUNRISE BEACH	<u>\$0</u>	<u>\$0 or up to \$193,088</u>	<u>\$0 or up to \$295,424</u>

FISCAL IMPACT – Small Business

Small businesses in the village of Sunrise Beach would be impacted if the new tax is approved by voters.

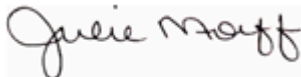
FISCAL DESCRIPTION

This act adds the village of Sunrise Beach to the list of cities authorized to impose a sales tax for the purposes of 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 Revenue
 Office of Administration - Budget and Planning



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 Director
 January 30, 2025



Jessica Harris
 Assistant Director
 January 30, 2025