

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

**L.R. NO.:** 3908-01  
**BILL NO.:** Perfected SB 924  
**SUBJECT:** Economic Development; Taxation and Revenue; Transportation.  
**TYPE:** Original  
**DATE:** March 9, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to \$3,500	\$0 to \$22,500	\$0 to \$23,000
Local Economic Dev. Sales Tax Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>\$0 to \$3,500</b>	<b>\$0 to \$22,500</b>	<b>\$0 to \$23,000</b>

**\* This proposal is permissive and would have no fiscal impact without voter approval.**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<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>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government*</b>	<b>(\$6,000) to \$340,000</b>	<b>(\$6,000) to \$2,227,500</b>	<b>(\$6,000) to \$2,277,000</b>

**\* This proposal is permissive and would have no positive fiscal impact without voter approval.**

Numbers within parentheses: ( ) indicate costs or losses

This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **City of Kirksville** state this proposal would allow the city to use sales tax proceeds to fund the local portion of a city-state highway improvement project. The City of Kirksville estimated a 1/2% sales tax will generate \$1,100,000 in the current fiscal year and forecast a growth rate of 2%. They also estimate election costs to the City of \$6,000.

Officials from the **State Treasurer's Office** and the **Department of Transportation** assume this proposal will have no fiscal impact on their respective agencies.

In similar legislation from this year, the **Department of Economic Development** assumed no fiscal impact from this proposal.

In similar legislation from this year, the **Department of Revenue (DOR)** state this proposal authorizes an economic development sales tax for funding a transportation corporation in Kirksville. The DOR assumed this proposal will not cause an administrative fiscal impact to their agency.

**Oversight** assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of such proposal not being passed by voters, to a full one cent sales tax being passed by the voters in October, 2000. Oversight assumed the earliest possible effective date of such a sales tax would be April, 2001, with one month collection lag, therefore only two months of revenue are estimated for FY 2001.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

<u>Income</u> - to General Revenue Fund	\$0 to	\$0 to	\$0 to
1% collection fee	\$3,500	\$22,500	\$23,000

**LOCAL ECONOMIC DEVELOPMENT SALES TAX FUND**

<u>Income</u> - Local Sales Tax proceeds	\$0 to	\$0 to	\$0 to
	\$346,500	\$2,227,500	\$2,277,000

<u>Costs</u> - Transfer to City of Kirksville	\$0 to	\$0 to	\$0 to
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	(\$346,500)	(\$2,227,500)	(\$2,277,000)
<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
(continued)	(10 Mo.)		

**ESTIMATED NET EFFECT ON  
 LOCAL ECONOMIC DEVELOPMENT  
 SALES TAX FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<b>CITY OF KIRKSVILLE</b>			
<u>Costs</u> - Elections costs	\$0 to (\$6,000)	\$0 to (\$6,000)	\$0 to (\$6,000)
<u>Income</u> - Proceeds from local sales tax	\$0 to \$346,500	\$0 to \$2,227,500	\$0 to \$2,277,000
<b>ESTIMATED NET EFFECT ON THE CITY OF KIRKSVILLE*</b>	<b>(\$6,000) to <u>\$340,500</u></b>	<b>(\$6,000) to <u>\$2,227,500</u></b>	<b>(\$6,000) to <u>\$2,277,000</u></b>

\* This proposal is permissive and would require voter approval before the sales tax would become effective.

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal since they may have to pay more to purchase goods.

DESCRIPTION

This proposal authorizes the City of Kirksville to impose a sales tax for Economic Development. The meaning of "Economic Development" is expanded to include funding for a transportation corporation that provides public transportation. The sales tax may be approved by the voters at a rate of one-quarter of one percent, one-half of one percent, three-fourths of one percent, or one percent

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DESCRIPTION (continued)

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

City of Kirksville  
Department of Revenue  
Department of Economic Development  
Department of Transportation  
State Treasurer's Office



Jeanne Jarrett, CPA  
Director  
March 9, 2000