

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3910-01
BILL NO.: SB 843
SUBJECT: Taxation and Revenue - Sales and Use: Revenue Department; Cities, Towns and Villages; Counties
TYPE: Original
DATE: February 1, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Subject to voter approval. Lost revenue, if any, could exceed \$100,000.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* This proposal if permissive. Voter approval would be required before fiscal impact would be realized.

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this proposal allows local governments to eliminate the sales tax on food. They assume this proposal will not have an administrative impact on their agency and that the fiscal impact is unknown.

In a similar proposal, officials of the **Office of Administration (COA)** stated this proposal would have no fiscal impact on state revenues. COA staff state it is impossible to estimate the effects on local governments without knowing which local governments will remove their sales tax on food and their local sales tax rate.

Oversight assumes this proposal is permissive. Local governing bodies may adopt an ordinance which shall be submitted to the voters within their political subdivisions to exempt qualified sales of food from local sales tax. It is unknown which local governments would adopt such an ordinance and also which ordinances would pass a vote of the people. Oversight assumes the Department of Revenue would have a reduction of income from the loss of the 1 percent collection fee from collecting sales taxes on food on behalf of the cities and counties.

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

GENERAL REVENUE FUND

<u>Loss - Department of Revenue</u>			
Loss of 1% collection fee from sales tax exempted at local level	\$0 to (unknown)	\$0 to (unknown)	\$0 to (unknown)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 to	\$0 to	\$0 to
	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
CITIES AND COUNTIES			
<u>Loss</u> - Reduction in sales tax revenue from food	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> - Local election costs	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON CITIES AND COUNTIES	\$0 to (UNKNOWN)	\$0 to (UNKNOWN)	\$0 to (UNKNOWN)

FISCAL IMPACT - Small Business

Small business food retailers could be affected by this proposal.

DESCRIPTION

This proposal authorizes cities and counties that have imposed a sales tax on food to submit the question of the repeal of that tax to the voters.

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



Jeanne Jarrett, CPA
Director
February 1, 2000