

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2803-01  
Bill No.: SB 636  
Subject: Transportation; Taxation and Revenue-Sales and Use; Kansas City  
Type: Original  
Date: January 21, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$0	\$139,366	\$281,519
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$139,366</b>	<b>\$281,519</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<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 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$13,936,606</b>	<b>\$28,151,945</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this proposal would not fiscally impact their agency.

Officials of the **Department of Highways and Transportation (DHT)** assume this legislation removes the sunset provision on sales tax for mass public transportation in Kansas City. This bill would give greater long-term financial stability to the Kansas City Area Transportation Authority (KCATA) for transit operating revenue. This proposed long-term funding source would give the KCATA the option to bond for capital improvements. DHT assumes no fiscal impact to its agency.

Officials of the **Kansas City Area Transportation Authority (KCATA)** state this legislation is very positive for the City and KCATA. The current two year sunset provision makes it very difficult to consider any long term financing mechanism such as bonding for capital projects or equipment. It also creates a certain instability in negotiating contracts such as labor agreements that depend on sales tax revenue. Finally, this legislation will eliminate a discriminatory requirement for approval every two years.

In a response to similar prior legislation, KCATA stated the extension of the Kansas City Transportation Sales Tax, based on current collections, would generate approximately \$27.4 million in revenues for FY2003 and \$27.9 million for FY2004. This estimate assumes a 1% growth rate. **Oversight** assumes the revenues in FY2005 would be \$28.2 million.

**This proposal would result in an increase in Total State Revenues since Collection Fees are included in the General Revenue Fund and general revenues are included in the calculation of Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004 (6 Mo.)	FY 2005
<u>Income to General Revenue Fund</u>			
1% Collection Fee	\$0	\$139,366	\$281,519
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$139,366</u></b>	<b><u>\$281,519</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004 (6 Mo.)	FY 2005
<u>Income to Kansas City Area</u>			
Transportation Authority 1/2% Sales Tax	\$0	\$13,936,606	\$28,151,945
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENT</b>	<b><u>\$0</u></b>	<b><u>\$13,936,606</u></b>	<b><u>\$28,151,945</u></b>

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that they pay local sales tax on taxable items. The extension of the Kansas City transportation sales tax would cause small businesses to continue to pay the local rate for such taxable items.

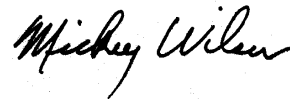
DESCRIPTION

This act removes the sunset provision for public mass transportation sales tax exceeding 7 ½ percent that was due to expire on December 31, 2003.

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  
Kansas City Area Transportation Authority  
Department of Highway and Transportation



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