

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4666-03
Bill No.: Perfected SCS for SB 1151
Subject: Tourism: Sales Tax, Cities
Type: Original
Date: March 14, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** stated that this proposal expands the purposes for which local tourism taxes can be used, and would have no fiscal impact to the DOR.

Officials of the **Department of Economic Development (DED)** stated that this proposal would have no fiscal impact to their department.

Oversight assumes this proposal is enabling legislation and would have no state fiscal impact. Certain local governments would have the option of using 35% of the tax collected for capital improvements. This proposal does not mandate that certain governing bodies of certain size cities to set aside 35% of tax collection for city capital improvements. Therefore, Oversight assumes there would be no local fiscal impact, without action of the City's governing body, with voter approval. Oversight will show fiscal impact to state and local governments as \$0.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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	\$0	\$0	\$0
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act allows cities with a population of less than one thousand five hundred inhabitants which have a tourism tax on transient guests to transfer forty percent of tourism funds into the city's general revenue fund and to transfer thirty-five percent into the capital improvements fund. Under current law, twenty-five percent of the funds must be used for tourism marketing and promotional purposes. Voter approval would be required.

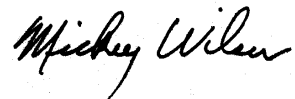
DESCRIPTION (continued)

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

Department of Economic Development- Division of Tourism
Department of Revenue



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Acting Director
March 14, 2002