

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1796-01
Bill No.: HB 739
Subject: Kansas City; Taxation And Revenue - Sales and Use; Transportation
Type: Original
Date: March 10, 2015

Bill Summary: This proposal would remove the current expiration date for the Kansas City transportation sales tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government *	\$0	\$0	\$0

* Net of additional revenues and expenditures.

FISCAL ANALYSIS

ASSUMPTION

This proposal would remove the expiration of a portion of the Kansas City Area Transportation Sales Tax, extending it indefinitely.

Oversight was unable to receive agency responses in a timely manner due to the short fiscal note request time. Oversight has prepared this fiscal note with the best current information that we have, or with prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will prepare an updated fiscal note and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **City of Kansas City** assume this proposal would maintain revenues from the public mass transportation sales tax in the following amounts.

Fiscal Year 2016: \$12,166,667 (period of 1/1/16 to 4/30/16)

Fiscal Year 2017: \$36,500,000

Fiscal Year 2018: \$36,500,000

Oversight has no independent information regarding transportation sales tax revenues and will assume for fiscal note purposes the City of Kansas City response is the best available estimate of the impact of this proposal.

Oversight notes that current provisions would let a portion of the sales tax expire on December 31, 2015 (FY 2016) and the proposal would extend the sales tax indefinitely. If the sales tax expired, the revenue reduction for the City of Kansas City from January 1, 2016 to June 30, 2016 (FY 2016) would be $(\$36,500,000 \times 6/12) = \$18,250,000$ (disregarding reporting and distribution delays), and the fiscal impact of this proposal for FY 2017 and FY 2018 would be \$36,500,000 per year. Oversight will include these amounts in this fiscal note.

For simplicity, **Oversight** will not include any impact for the Department of Revenue's collection costs. Oversight will also assume that all or substantially all of the sales tax revenues would be expended on transportation costs and will so indicate in this fiscal note.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules**, the **Jackson County Election Board**, and the **Platte County Board of Elections** assume this proposal would have no fiscal impact on their organizations.

Although they did not respond to our request for information, officials from the **Office of the Secretary of State**, the **Office of Administration - Division of Budget and Planning**, and the **Department of Revenue** assumed a similar proposal (SB 1490 LR 805-01) would have no fiscal impact on their organizations.

Not responding:

Officials from Jackson County, Belton, Excelsior Springs, Gladstone, Grandview, Harrisonville, Independence, the Kansas City Area Transit Authority, the Kansas City Board of Elections, Kearney, Lees Summit, Liberty, Peculiar, Raytown, Sugar Creek, Cass County Elections, Clay County, the Clay County Board of Election Commissioners, the Jackson County Executive, and Platte County did not respond to our request for fiscal information.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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LOCAL GOVERNMENTS

<u>Additional revenue</u> - City of Kansas City Sales tax - removal of 12/31/15 expiration date	\$18,250,000	\$36,500,000	\$36,500,000
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<u>Additional expenditures</u> - City of Kansas City Transportation	<u>(\$18,250,000)</u>	<u>(\$36,500,000)</u>	<u>(\$36,500,000)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation would remove the current expiration date for the Kansas City transportation sales tax.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Revenue
City of Kansas City
Jackson County Election Board
Platte County Board of Elections



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March 10, 2015

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