

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6161-01
Bill No.: HB 2447
Subject: Taxation and Revenue - Sales and Use; Fire Protection
Date: March 7, 2016

Bill Summary: This proposal authorizes a sales tax in Ripley County dedicated to the rural fire protection district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0 or Up to \$65,750	\$0 or Up to \$263,000	\$0 or Up to \$263,000

FISCAL ANALYSIS

ASSUMPTION

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

Oversight notes the proposal authorizes a sales tax of up to one-half of one percent dedicated to the rural fire protection district in Ripley County upon voter approval

Based upon information listed on the website of the **Office of State Auditor**, during the fiscal year ended June 30, 2015, Ripley County collected \$1,053,440 in sales tax revenue based upon a 2% rate (1% General Revenue Fund, ½% Street Fund, and ½% Capital Improvement Fund). Assuming the fire protection district completely covers Ripley County, a one-half cent sales tax on sales would generate tax revenue of approximately \$263,000 annually.

Oversight will assume the election would be held at the first opportunity. Since there will be a general election in November 2016, additional election costs due to this proposal are assumed to be \$0. In addition, if the voters of Ripley County pass this sales tax measure, the earliest that taxes could begin to be collected would be April 1, 2017. Therefore, taxes would only be collected for 3 months of FY 2017 (April - June).

For simplicity, **Oversight** will not include the 1% withholding for Department of Revenue collection costs in this fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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LOCAL GOVERNMENTS

Additional Revenues - Ripley County Fire
Protection District

Sales taxes

Section 321.246	<u>\$0 or Up to</u> <u>\$65,750</u>	<u>\$0 or Up to</u> <u>\$263,000</u>	<u>\$0 or Up to</u> <u>\$263,000</u>
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**ESTIMATED NET EFFECTS ON
LOCAL GOVERNMENTS**

	<u>\$0 or Up to</u> <u>\$65,750</u>	<u>\$0 or Up to</u> <u>\$263,000</u>	<u>\$0 or Up to</u> <u>\$263,000</u>
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FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact on small businesses in Ripley County which purchase taxable items.

FISCAL DESCRIPTION

This proposal authorizes a fire protection district in Ripley County to impose, upon voter approval, a sales tax not to exceed 0.5% for the purpose of providing revenue for the operation of the fire protection district.

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

Office of State Auditor



Mickey Wilson, CPA

Ross Strope

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