

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3603-01
Bill No.: HB 1488
Subject: Transportation: Kansas City Area Transportation Authority, Sales Tax
Type: Original
Date: February 6, 2002

FISCAL SUMMARY

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

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	\$13,936,606	\$28,151,945

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** assume this proposal would have no fiscal impact.

Officials of the **Kansas City Area Transportation Authority (KCATA)** and the **Kansas City Manager's Office** stated that this legislation is very positive for the City and the Transportation Authority. The current two year sunset provision makes it difficult to consider any long-term financing, such as bonding for capital projects or equipment. This proposal also creates a certain instability in negotiating contracts such as labor agreements that depend on sales tax revenue.

In response to similar prior legislation, the KCATA stated that the extension of the sales tax, based on current collections, would generate approximately \$27.4 million in revenues for FY 2003 and 27.9 million for FY 2004. This estimate assumes a 1% growth rate. Oversight assumes the revenue in FY 2005 would be \$28.2 million.

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

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004 (6Mo.)	FY 2005
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GENERAL REVENUE FUND

<u>Income</u> to Department of Revenue			
1% collection fee on sales tax	<u>\$0</u>	<u>\$139,366</u>	<u>\$281,519</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0</u>	<u>\$139,366</u>	<u>\$281,519</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004 (6Mo.)	FY 2005
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<u>Income</u> to KCATA			
Sales Tax renewal	<u>\$0</u>	<u>\$13,936,606</u>	<u>\$28,151,945</u>

FISCAL IMPACT - Local Government

	FY 2003	FY 2004 (6Mo.)	FY 2005
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>\$0</u>	<u>\$13,936,606</u>	<u>\$28,151,945</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

Current law states that a sales tax of up to 0.5% may be imposed on tangible personal property or taxable retail services in Kansas City. Of the revenues received from this sales tax, 7.5% must be distributed to the Interstate Transportation Authority with the remaining 92.5% deposited into the Public Mass Transportation Sales Tax Trust Fund. This provision will expire on December 31, 2003.

This bill removes the expiration date, allowing the tax to remain in effect indefinitely.

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 Manager's Office
Kansas City Area Transit Authority



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Acting Director
February 6, 2002

