

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0081-02  
Bill No.: Perfected HCS for HB 144  
Subject: Business and Commerce; Revenue Department; Taxation and Revenue; Tourism  
Type: Original  
Date: March 13, 2003

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Exhibition Center and Recreational Facility District Sales Tax Trust Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
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>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	(Unknown) or Unknown	\$0 or Unknown	\$0 or Unknown

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of the State Treasurer** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Revenue (DOR)** assume the districts will be required to submit a list of businesses to DOR. The Division of Business Tax will need to notify the businesses in the districts of the tax and reporting requirements. DOR states that it is unknown how many businesses would need to be mailed the notification letters.

DOR states that their Information Technology Division will need to make program changes to the MITS system to create and maintain a “shape” file, which will outline the boundaries of the zones. The MITS programming will require 692 hours of programming at a total cost of \$23,085. DOR also assumes State Data Center costs to implement the proposed legislation will be \$4,503. Therefore, DOR assumes total costs of \$27,588 in the first year if the district is created by the voters of the counties.

**ASSUMPTION** (continued)

In response to a previous version of this proposal, officials from **Miller County** stated their county would incur election costs for the establishment of the sales tax for the exhibition center even if the election fails.

Officials from **Camden County, Morgan County and Boone County** did not respond to our request for fiscal impact.

**Oversight** assumes this proposal is permissive and would require voter approval before any positive fiscal impact would be realized by the state or the new districts. Oversight presented the fiscal impact in a range of voters not passing the measure to voters in the new district passing the sales tax. Oversight also assumes the DOR would complete the programming changes after the voters approved the sales tax measure and would therefore, not incur the estimated charges if the measures fails.

**Oversight** assumes the state would retain a 1% collection fee which would be deposited in the State's General Revenue Fund. The amount of revenue that would be generated in a give year is unknown. Oversight also assumes the election costs incurred by the local political subdivisions is unknown and would only be incurred in the first fiscal year.

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

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
<b>GENERAL REVENUE FUND</b>			
<u>Income to Department of Revenue</u>			
1% Collection Fee	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost to Department of Revenue</u>			
Programming costs	<u>\$0 or (\$27,588)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

**EXHIBITION CENTER AND  
 RECREATIONAL FACILITY  
 DISTRICT SALES TAX TRUST  
 FUND**

<u>Income</u> - Sales tax proceeds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> - to Districts	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

**ESTIMATED NET EFFECT TO THE  
 EXHIBITION CENTER AND  
 RECREATIONAL FACILITY  
 DISTRICT SALES TAX TRUST  
 FUND**

\$0                      \$0                      \$0

FISCAL IMPACT - Local Government                      FY 2004                      FY 2005                      FY 2006

**LOCAL POLITICAL SUBDIVISIONS**

<u>Expense</u> - Election Costs	\$0 or (Unknown)	\$0	\$0
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<u>Transfer In</u> - Sales tax proceeds transferred from the State's Exhibition Center and Recreational Facility District Sales Tax Trust Fund	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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**ESTIMATED NET EFFECT TO  
 LOCAL POLITICAL SUBDIVISIONS**

(Unknown) or  
Unknown   \$0 or Unknown   \$0 or Unknown

FISCAL IMPACT - Small Business

Small businesses within the newly created districts would have to collect and remit more sales taxes to the State Department of Revenue.

## DESCRIPTION

The proposal creates the Exhibition Center and Recreational Facility District Act which allows residents of Camden, Miller, Morgan, Buchanan, Jasper, Newton and Jefferson counties to request (by petition) that an exhibition center and recreational facility district be created. The proposal requires that at least 50 property owners sign the petition. The petition must include the name and address of each petitioner and the location of their property, a specific description of the boundaries of the proposed district and a map, and the name of the proposed district.

The substitute also allows Boone County to create an exhibition center and recreational facility district. All property owners within the proposed Boone County district must sign the petition.

The proposal states that the governing body of each county included in the district can approve the creation of the district by resolution. However, the district will not be established until after a public hearing is held and each county within the proposed district adopts an order establishing the district. In Boone County, unanimous approval of the order establishing the district is required of all property owners within the district.

The proposal creates a board of trustees to administer the district and all revenue received by the district. The board will have no more than 12 members. The proposal explains how the trustees will be selected and the powers of the board. Among its powers, the board will have the power to condemn private property within the district and the power to issue bonds secured by all of the property and income of the district.

The proposal allows the district to submit to voters within the district a sales tax of up to 0.5% on all sales within the district. The revenue from this tax will be deposited into the Exhibition Center and Recreational Facility District Sales Tax Trust Fund which the proposal establishes. The revenue collected from this tax will fund the exhibition center and recreational facilities. Twenty-five years from its effective date, this tax will reduce to a rate of 0.1% unless voters in the district approve an extension at the rate of 0.5%. Extensions of the sales tax cannot be for more than 20 years. This tax cannot be abolished or terminated if the district has outstanding debts or obligations. In Boone County, if no registered voters live within the proposed district, the proposed sales tax and extensions would be submitted to the voters in the county.

The substitute contains an emergency clause.

## DESCRIPTION (continued)

RAS:LR:OD (12/02)

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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  
Office of the State Treasurer  
Miller County

**NOT RESPONDING: Boone County, Camden County and Morgan County**



Mickey Wilson, CPA  
Director  
March 13, 2003