

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0198-01
Bill No.: HB 80
Subject: Transportation - Kansas City; Taxation and Revenue - Sales and Use
Type: Original
Date: January 21, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$139,366	\$281,519	\$142,167
Total Estimated Net Effect on General Revenue Fund	\$139,366	\$281,519	\$142,167

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other 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 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$13,936,606	\$28,151,944	\$14,216,732

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Kansas City Manager's Office** assume there would be a fiscal impact to Kansas City's mass transit of approximately \$30 million loss for two years beginning in FY04, if this proposal is not enacted.

Officials of the **Kansas City Area Transportation Authority** state that this proposal would have a positive fiscal impact to their authority. Officials assume that to extend the sales tax for another 2 years would produce necessary income for the Authority.

Officials of the **Department of Revenue (DOR)** assume this proposal extends the expiration date for certain public mass transportation system tax. DOR states this legislation would have no administrative impact to DOR. The General Revenue Fund would continue to receive the 1% collection fee.

Officials of the **Department of Transportation (MoDOT)** assume this legislation extends the deadline on a certain tax for public mass transportation systems. Loss of this local sales tax revenue, which makes up sixty percent of needed funding for the Kansas City Area Transportation Authority would place a greater demand for state general revenue funded transit assistance and/or huge declines in transit bus service in the Kansas City area.

ASSUMPTION (continued)

MoDOT assumes this legislation will require renewal by the legislature to continue the tax after December 31, 2005. This short term renewal hinders the possibility of the Kansas City Area Transportation Authority to seek long term financing for major capital projects. MoDOT assumes no fiscal impact from this proposal.

Oversight assumes, based on a similar fiscal note from a prior session, that the sales tax extension would generate \$13,936,606 for 6 months of FY 2004. **Oversight** assumes 1% annual growth, and estimates that revenues would be approximately \$28,151,944 in FY 2005 and \$14,216,732 for 6 months of FY 2006. Pursuant to this proposal, the sales tax is to expire on December 31, 2005. In addition, **Oversight** assumes the 1% collection fee would generate approximately \$139,366 for 6 months of FY 2004, and would generate \$281,519 for FY 2005; and \$142,167 for 6 months of FY 2006.

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

<u>FISCAL IMPACT - State Government</u>	FY 2004 (6 Mo.)	FY 2005	FY 2006 (6 Mo.)
GENERAL REVENUE FUND			
<u>Income - General Revenue Fund</u> 1% collection fee (DOR)	<u>\$139,366</u>	<u>\$281,519</u>	<u>\$142,167</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$139,366</u>	<u>\$281,519</u>	<u>\$142,167</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (6 Mo.)	FY 2005	FY 2006 (6 Mo.)
<u>Income - Kansas City Area Transit Authority</u> Continuation of 1/2% sales tax	<u>\$13,936,606</u>	<u>\$28,151,944</u>	<u>\$14,216,732</u>
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>\$13,936,606</u>	<u>\$28,151,944</u>	<u>\$14,216,732</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This bill revises provisions pertaining to the public mass transportation system sales tax for Kansas City.

A portion of the public mass transportation system sales tax used to fund the expenses and operating costs of the Interstate Transportation Authority and the public mass transportation system will expire on December 31, 2003. This proposal changes the expiration date to December 31, 2005.

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 Area Transit Authority
Kansas City Manager's Office
Department of Transportation



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LR No. 0198-01
Bill No. HB 80
Page 5 of 5
January 21, 2003