

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3506H.011
Bill No.: HB 1564
Subject: Taxation and Revenue - General; Cities, Towns, and Villages; Capital
Improvements; Motels and Hotels; Food; Emergencies
Type: Original
Date: January 5, 2024

Bill Summary: This proposal modifies provisions relating to certain local taxes for the village of lamar heights.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 94.838 Village of Lamar Heights Local Tax (Pending Voter Approval)

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 94.838 – The bill updates the demographic description in the definition of municipality for the City of Lamar Heights. The tax rate changes from 2% to 6% with proceeds directed to construction, maintenance, and operation of capital improvements, emergency services, and public safety.

B&P defers to the local government for the fiscal impact. DOR’s retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection and to DOR for more specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** note this proposal allows the Village of Lamar Heights to change their 2% local sales tax from being allowed for construction, maintenance and operation of capital improvements to being allowed to also use it for emergency services and public safety. DOR notes the Village of Lamar Heights will continue with their 2% sales tax and therefore this will not have a fiscal impact.

Oversight shows the taxable sales for the City of Lamar Heights according to the Department of Revenue’s [Public Taxable Sales Report](#) for calendar years 2020-2023:

Calendar Year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total Taxable Sales
2020	\$1,817,966	\$2,189,249	\$2,373,148	\$2,130,580	\$8,510,943
2021	\$2,045,983	\$2,822,869	\$2,614,191	\$2,369,169	\$9,852,212
2022	\$1,885,280	\$2,480,837	\$2,585,680	\$2,303,376	\$9,255,174
2023	\$2,200,767	\$2,459,902	\$2,897,796		

Oversight notes this proposal allows the City of Lamar Heights to use their local tax collections for emergency services and public safety. Oversight notes Lamar Heights already has the authority for the tax. Oversight assumes this proposal simply updates the description of Lamar Heights and expands what the city may use the proceeds for to include emergency services and public safety. Therefore, Oversight assumes no fiscal impact from the proposal.

Officials from the Department of Revenue assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes that the above-mentioned agency have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

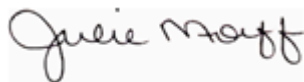
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.


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 Administration - Budget and Planning



Julie Morff
Director
January 5, 2024



Ross Strobe
Assistant Director
January 5, 2024