

# FISCAL NOTE

**Bill #:** SB 155

**Title:** Allow all cities and counties to adopt local option sales tax

**Primary Sponsor:** Mike Halligan

**Status:** As Introduced

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Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<b>Net Impact on General Fund Balance:</b>	<b>\$0</b>	<b>\$0</b>

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<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

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## Fiscal Analysis

### ASSUMPTIONS:

1. The local option sales tax will be administered by local governments.
2. There would be no impact on State costs or tax revenues.

### EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The total revenue local governments would raise from implementing local option sales taxes would depend on how many jurisdictions adopted a local option sales tax, the goods and services that were taxed, and the rates that jurisdictions adopted. The Department has estimated that a statewide 1% tax on all categories of goods and services included in the definitions of luxuries in Section 1 except for accommodations would collect \$15.5 million in fiscal 2002. Collections of the lodging facilities use tax, with a rate of 4%, were \$11.1 million in fiscal 2000. The bill would allow local jurisdictions to permit merchants to retain up to 5% of collections to cover their costs of collecting the tax.

(continued)

If all local jurisdictions in the state adopted a 4% tax on all types of goods and services included in the definitions of luxuries in Section 1, and merchants were allowed to retain 5% of collections to cover their costs, the revenue for local jurisdictions would be \$70 million in fiscal 2002.

TECHNICAL NOTES:

1. Section 1 defines luxury goods and services to include “(i) lodging facilities and campgrounds as defined in 15-65-101.” The service to be taxed would be clearer if the wording were changed to “(i) accommodations at lodging facilities and campgrounds as defined in 15-65-101.”
2. Section 4 requires that the notice for a local option sales tax election must be published in a general circulation newspaper published in the county where the election will take place. It is likely that not every county has such a newspaper.