FISCAL NOTE

Bill #:	SB 213	**Title:**	local option sales taxes and fees
Primary Sponsor:	Bill Glaser	**Status:**	As Introduced

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Sponsor signature Date Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Net Impact on General Fund Balance:	**$0**	**$0**

Yes	No		Yes	No	
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

Fiscal Analysis

ASSUMPTIONS:

1. This bill would give all municipalities and counties the authority to levy a local option sales tax of up to 3% on luxury goods and services. At least one-third of the revenue from the local option sales tax must be used to provide property tax relief.
2. This bill has no impact on state revenues. It would have no administrative impacts on the Department of Revenue.
3. The revenue local governments would receive from adopting the local option sales tax authorized by this bill would depend on how many local governments adopted the tax, the rates they adopted, and the specific goods and services they taxed.
4. It is possible to estimate the revenue that local governments would receive if all jurisdictions adopted the maximum allowable tax on the full range of goods and services that can be taxed.
5. This bill allows local governments to tax sales of goods and services sold by the following types of businesses:
    a. Hotels, motels, and other lodging or camping facilities;
    b. Restaurants, fast food stores and other food service establishments;
    c. Taverns, bars, night clubs, lounges, and other public establishments that serve beer, wine, liquor, or other alcoholic beverages by the drink;
    d. Destination ski resorts and other destination recreational facilities; and

e. Places that charge an admission fee.

It also allows local governments to tax rental of equipment and vehicles intended to be used for recreation.

6. The following table shows estimates of 1997 sales of goods and services that could be taxed under this bill (Department of Revenue estimates based on 1997 Economic Census):

Type of Business	Percent of Sales Taxable	Taxable Sales
Admissions, including sports teams' total receipts for admissions to home games (not including admission taxes)	100%	$15,592,000
Passenger car rental & leasing	95%	$48,611,500
Truck, utility trailer, & RV rental & leasing	10%	$1,200,000
Consumer goods rental	25%	$7,921,250
Tuition, fees, and other payments from providing academic or technical instruction (e.g., sports instruction)	1%	$181,110
Arts, Entertainment, & Recreation (sales revenue)	100%	$337,855,000
Accommodations & Foodservices	100%	$1,199,251,000
Total		$1,610,611,860

7. Consumption spending is forecast to increase 28.1% from 1997 to 2002 (Department of Revenue). Sales of goods and services that could be taxed under this bill will be $2,063,882,262 ($1,610,611,860 x 128.1%).
8. If all counties adopted a 3% tax on these goods and services, the revenue in 2002 would be $61,916,468 (3% of $2,063,882,262).
9. One third of this revenue must be used for property tax relief. The net revenue to local jurisdictions in 2002 would be $41,277,645 (2/3 of $61,916,468).
10. Section 7 of SB213 allocates 33% of the local option sales taxes collected in the previous year to the countywide teachers' retirement fund. It is assumed that if any municipalities or counties approve a local option sales tax in FY2002, the revenues will not be available to replace the countywide retirement fund levy until FY2004.

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	$0	$0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

If all counties adopted the tax authorized by this bill, the net revenue to local governments in 2002 would be $41,277,645. County mill levies for school retirement will be reduced by the 33% of any collections allocated in the following year.

LONG-RANGE IMPACTS:

To the extent this tax is adopted by counties and municipalities 33% of revenues will be used to replace property tax and State retirement GTB expenditures in the following year.