

FISCAL NOTE

Bill #: SB 507

Title: Business Montana agency to advertise
Montana business

**Primary
Sponsor:** Jim Elliott

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
-------------------	------	---------------------------------	------

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$189,183	\$56,216
State Special	\$837,734	\$1,675,468
Revenue:		
State Special Revenue	\$837,734	\$1,675,468
Net Impact on General Fund Balance:	(\$189,183)	(\$56,216)

<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

Fiscal Analysis

ASSUMPTIONS:

1. This bill imposes a 4% excise tax on passenger vehicle rentals, effective January 1, 2002. Insurance charges and rentals pursuant to an insurance contract are exempt from the tax.
2. In 2002, gross revenue from renting passenger vehicles will be \$56.0 million. Of that, \$11.9 million will be insurance-related, and \$44.1 million will be taxable. (Department of Revenue estimate based on 1997 Economic Census).
3. Rental vehicle owners are allowed to retain 5% of collections to cover their costs of collecting the tax.
4. Revenue from the vehicle rental surcharge will be \$1,675,468 per calendar year (95% of 4% of \$44.1 million). Receipts in fiscal 2002 will be \$837,734, and receipts in fiscal 2003 will be \$1,675,468.
5. All receipts are to be deposited in a new special revenue account for business marketing and promotion.

(continued)

6. The Department of Revenue would need to make significant modifications to its computer systems to administer this new tax. The estimated cost for computer programming and related services is \$151,230 in fiscal 2002. The department's costs for processing permit applications and quarterly returns would be \$37,953 in fiscal 2002 and \$56,216 in fiscal 2003.

Department of Commerce

7. Assuming the electorate approves the proposed tax on certain rental vehicles, a state special revenue business marketing and promotion account would be established in the Department of Commerce. Tax proceeds would flow into this account and be disbursed via private sector contracts for developing and delivering regional, national, and global business development marketing plans. Expenditures = Available Revenues;

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
FTE	0.50	1.00

Expenditures:

Personal Services	\$21,048	\$44,833
Operating Expenses –Dept of Revenue	133,365	11,383
Operating Expenses – Dept of Commerce	837,734	1,675,468
Equipment	<u>34,770</u>	<u>0</u>
TOTAL	\$1,026,817	\$1,731,684

Funding:

General Fund	\$189,183	\$56,216
State Special Revenue – Bus. Mrktng & Promo	\$837,734	\$1,675,468

Revenues:

State Special Revenue – Bus. Mrktng & Promo	\$837,734	\$1,675,468
---	-----------	-------------

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$189,183)	(\$56,216)
State Special Revenue – Bus. Mrktng & Promo	\$0	\$0

TECHNICAL NOTES:

1. This bill does not have an applicability date. This fiscal note assumes an applicability date of January 1, 2002.