GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill #	HB0195	**Title:**	Provide for local option luxury sales tax to fund infrastructure
Primary Sponsor:	Fern, Dave	**Status:**	As Introduced

☒ Significant Local Gov Impact ☐ Needs to be included in HB 2 ☐ Technical Concerns

☐ Included in the Executive Budget ☐ Significant Long-Term Impacts ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2020 Difference	FY 2021 Difference	FY 2022 Difference	FY 2023 Difference
Expenditures:				
General Fund	$0	$0	$0	$0
Revenue:				
General Fund	$0	$0	$0	$0
Net Impact-General Fund Balance:	$0	$0	$0	$0

Description of fiscal impact: This bill has no fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. HB 195 allows a local jurisdiction to levy a sales tax on designated goods and services for qualifying public infrastructure projects, subject to the approval of specified area's electorate.
2. The tax rate cannot exceed 2% and all revenue generated would be collected and used at the local level.
3. At least 25% of the revenue generated from the new local tax must be used to provide a rebate for taxes paid on class four property in the designated area.
4. The department does not expect to incur significant additional costs as a result of this bill.

Effect on County or Other Local Revenues or Expenditures:

League of Cities and Towns

1. The amount of revenue that would be generated is unknown as the areas that would adopt the local option infrastructure tax is unknown. The level of tax jurisdictions might adopt and the applicable tax base that would be taxed is also unknown. It is assumed that the adoption of a tax permitted by this bill would have a positive fiscal impact in the jurisdictions that chose to levy the tax.

	1/21/19	TL	1/21/19
Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*