



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
SB0551 - Provide for local option tax (Pope, Christopher)	
Status:	As Introduced

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: SB 551 would allow municipalities and consolidated city-county governments to levy, in metropolitan tourism and trade districts, and counties, a limited local option sales tax of up to 3%, subject to the approval of the electors in the jurisdiction. The bill mandates that at least 50% of the proceeds be used for property tax reduction, the remaining proceeds can be pledged for bonding of infrastructure and/or certain affordable housing projects. There is no direct fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. Under current law only certain resort towns, communities, and areas with populations under 5,500 may levy a resort tax on a limited range of goods.
2. SB 551 would allow municipalities -- in designated metropolitan tourism and trade districts -- and counties to levy a limited local option sales tax of up to 3%, subject to a vote of the electors.
3. At least 50% of the proceeds from a local option tax are required to be used reduce property taxes,

- 4. This local option tax would have a maximum duration of 10 years and may not be levied in an area that already levies a resort tax.
- 5. This bill would be administered at the local level and is not expected to have a fiscal impact to the department.

Effect on County or Other Local Revenues or Expenditures:

- 1. The revenue generated by this bill for jurisdictions implementing this tax is unknown as the areas, tax rates, and tax bases of the jurisdictions that would adopt the local option sales tax are unknown.

NO SPONSOR SIGNATURE

Sponsor's Initials

3/30/23

Date



Budget Director's Initials

3/29/23

Date