

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-5507/1	Introduction Number SB-828
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Description
 authorizing the city of Prescott to become a premier resort area

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
- Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
 - 1. Increase Costs
 - 2. Decrease Costs
 - 3. Increase Revenue
 - 4. Decrease Revenue
- Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory
 - Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.566(1)(gf)	Affected Ch. 20 Appropriations
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Agency/Prepared By DOR/ Travis Arthur (608) 266-8565	Authorized Signature Jamie Adams (608) 266-6785	Date 2/28/2018
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Fiscal Estimate Narratives

DOR 2/28/2018

LRB Number	17-5507/1	Introduction Number	SB-828	Estimate Type	Original
Description authorizing the city of Prescott to become a premier resort area					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a municipality or county may impose a "premier resort area" tax if the municipality or county meets certain criteria. In order to impose a premier resort area tax, a municipality or county must enact an ordinance or resolution declaring itself to be a "premier resort area." To be considered a premier resort area, at least 40% of the equalized value of the taxable property within the municipality or county must be used by tourism-related retailers.

The bill allows the City of Prescott (Pierce County) to become a premier resort area notwithstanding the fact that it does not meet the generally applicable requirement that at least 40 percent of the equalized assessed value of the taxable property within a political subdivision be used by tourism-related retailers. The designation of the city as a premier resort area and the imposition of the premier resort area tax would require approval by voters at a referendum.

Pierce County imposes the 0.5% county sales tax. Remittances to the county totaled \$2.18 million in 2017. Based on sales tax returns for businesses with sales in Pierce County, approximately 48.1% of taxable sales tax occur at businesses that would likely be subject to a premier resort area tax. The city of Prescott's share of Pierce County's total commercial real estate was approximately 23.5% in 2017. Based on 2017 population estimates, the City of Prescott's share of Pierce County's population is 10.2%. Assuming that 16.8% of the taxable sales in Pierce County are attributable to the City of Prescott and that 48.1% of the sales take place at businesses subject to the premier resort tax, the 0.5% tax would generate approximately \$176,200 ($\$2.18 \text{ million} * 48.1\% * 16.8\%$) on an annual basis. The total distribution to the City of Prescott is estimated to be about \$171,900 ($\$176,200 * 97\%$). The amount could differ to the extent taxable sales activity occurs within the city's borders.

The department's costs would be absorbed by the 3.0% of collections it would retain to administer this tax. The department estimates that the administrative fee would generate about \$5,300 ($\$176,200 * 3\%$) on an annual basis.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description authorizing the city of Prescott to become a premier resort area			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Should Prescott become a Premier Resort Area, there will be one-time costs of \$8,000 to make changes to WINPAS.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$	\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$	\$	
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$5,300	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$5,300	\$	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$5,300	\$171,900	
Agency/Prepared By		Authorized Signature	Date
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