

(Please type in triplicate)

FISCAL NOTE

Prepared in regard to: Senate Bill 2314  
(List bill or resolution and number, if available, or subject)

Amendment to: \_\_\_\_\_  
(List bill or resolution and number)

Requested by: Legislative Council Date of receipt: January 23, 1981

In the following space note the fiscal effect in dollars of the legislative proposal:

Narrative:

Senate Bill 2314, if enacted, would provide for an optional county sales tax not to exceed 3% on hotel, motel, and tourist court accomodations. The bill also provides that 3% of the revenues be deposited in the state general fund as a partial offset for state administrative costs. Administrative costs would vary with the number of counties levying the tax. Basic administrative costs not affected by number of counties levying tax are estimated at \$10,000 for the biennium and include:

- preparation of rules and regulations
- forms design
- printing additional forms and instructions
- screening returns
- data processing program charges
- data processing costs

Administrative costs relating to individual county levies are estimated at \$8,000 per biennium and include:

- auditing returns and correcting errors
- compliance activities
- printing and distributing county rate cards
- collection services

(CONTINUED ON SEPARATE SHEET)

Fiscal Effect:

<u>1981-82</u>		<u>1982-83</u>		<u>Total Biennium</u>	
<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>

Signed *C.W. Cudworth*

Typed Name C.W. Cudworth

Date Prepared: January 30, 1981

Department Tax

If additional space is needed, attach a supplementary sheet. AAR

This document paid for with State Funds.

## Examples of relationships between administrative costs and revenues:

## One large county levying tax:

tax rate	1%	2%	3%
total revenue	150,000	300,000	450,000
state general fund	4,500	9,000	13,500
administrative cost	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>
TOTAL (LOSS) TO STATE	(13,500)	(9,000)	(4,500)

## Three counties levying tax:

tax rate	1%	2%	3%
total revenue	450,000	900,000	1,350,000
state general fund	13,500	27,000	40,000
administrative cost	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>
NET GAIN (LOSS) TO STATE	(20,000)	(7,000)	6,500

If Senate Bill 2314 is enacted, it is recommended that a contingency appropriation of \$34,000 for the biennium be made to cover administrative costs. It should be noted that hotel, motel, and tourist court operators may also incur additional administrative costs because the additional tax applies only to lodging accommodations.