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FISCAL NOTE(Form 1)
(Office of Fiscal Analysis)
Analyst: LL M 4/21/92
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Version:

BILL NUMBER: sHB 5912
FILE NUMBER:
AMENDMENTS:

TITLE: "AN ACT MAKING CERTAIN AMENDMENTS TO THE PROPERTY, PERSONAL INCOME AND SALES AND USE TAXES AND TO FEES FOR ENGINEERS AND PROVIDING FOR A REFERENDUM ON THE STATE'S TAX STRUCTURE"

FAVORABLY REPORTED BY Finance, Revenue and Bonding

EFFECTIVE DATE: Upon Passage

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FISCAL IMPACT STATEMENT - BILL NUMBER sHB 5912

STATE IMPACT	Revenue Gain, Loss, Cost, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Revenue Services, Department of Consumer Protection, Secretary of the State

EXPLANATION OF ESTIMATES:

The impact of the bill is as follows:

	General Fund		
	FY92	FY93	FY94
		($million)	
Personal Income Tax Income Tax changes and sunset (see attached)	14.0	26.0	(1,178.0)
Change in treatment of Inter Vivos trusts (Because trust activity in the state is expected to decline if no change is made, the revenue loss decreases in FY94 and becomes a small gain in FY95.)		(3.0)	(0.5)
Sales and Use Tax Exempt parking lots owned or leased by employers for use of employees (effective 7/1/92)		(0.2)	(0.2)
Exempt aviation fuel at 2.5% (effective 7/1/92)		(0.8)	(0.9)
Exempt aviation repair parts and service (effective 7/1/93)		-	(9.8)

Exempt computer and data processing service (effective 7/1/92)	(9.0)	(9.5)
Eliminate tax on amusement and recreation services (effective 7/1/92)	(11.3)	(11.9)
Exempt 95% of employee wages and benefits pass-through for property management services gross receipts (effective 1/1/86)	(5.0)	(1.0)
Expand exemption for commercial fishing vessels to include party-fishing boats (effective 7/1/91)	(0.1)	(0.1)
Eliminate tax on land surveyors (effective 7/1/92)	(1.0)	(1.0)

A revenue loss and an increase in administrative costs to the Department of Revenue Services is anticipated from requiring out-of-state boat purchasers to sign an affidavit regarding residency rather than provide proof of out-of-state registration.

Retaining the current eighteen cent per gallon Motor Fuels Excise Tax on diesel fuel will have no fiscal impact because the increase in in-state purchases is expected to offset the lower rate, resulting in approximately the same revenue.

Clarifying that lodging houses are not subject to the Local Property Tax surcharge has no fiscal impact.

Specifying that nonresidents engaging only in purchasing or selling intangible property or stock option contracts in the state are not subject to the Personal Income Tax is current practice and has no fiscal impact.

Changing the definition of transportation services prevents a revenue loss which is likely to occur if only firms licensed in state are subject to the tax.

No revenue loss anticipated from reducing reexamination fees for professional engineers and land surveyors because the current fee is seen as prohibitive and individuals are electing not to retake the exam. A minimal revenue gain is possible if more people take the reexamination.

Increasing the license fee for surveyors-in-training is expected to result in a minimal revenue gain (less than $500).

The Office of the Secretary of the State will incur a cost of approximately $10,000 for the printing of materials (explanatory texts, posters, etc.) associated with the nonbinding referendum.

Repealing a major revenue source (i.e., the Personal Income Tax) without any other budget adjustments could result in a downgrade of the State's credit rating and adversely affect the State's ability to enter the credit market.