

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0730	Date: January 15, 2014
Prime Sponsor(s): Rep. Singer Sen. Lundberg	Bill Status: House Finance
	Fiscal Analyst: Larson Silbaugh (303-866-4720)

SHORT TITLE: TAX REMITTANCE FOR LOCAL MARKETING DISTRICTS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>\$14,811</u>	<u>\$8,631</u>
General Fund	\$14,811	\$8,631
FTE Position Change		
Appropriation Required: \$14,811 - Department of Revenue (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill changes the filing and remittance deadlines for lodging taxes levied by a local marketing district. Under current law, lodging taxes are remitted to the Department of Revenue quarterly, and then the department remits the lodging taxes to the local marketing district. This bill would require lodging taxes to be remitted monthly, which would allow the distribution of lodging taxes to local marketing districts monthly starting July 1, 2014.

State Revenue

Assumptions. There is no revenue impact from this bill because it affects only the timing related to the remitting and distribution of local marketing district taxes.

State Expenditures

This bill will increase General Fund expenditures for the Department of Revenue by \$14,811 in FY 2014-15 and \$8,631 in FY 2015-16. Table 1 and the discussion that follows describe the costs of the bill.

Table 1. Expenditures Under HB 14-1006		
Cost Components	FY 2014-15	FY 2015-16
Operating Expenses and Capital Outlay Costs	\$14,811	\$8,631
TOTAL	\$14,811	\$8,631

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. This bill would increase the number of lodging tax returns that are processed each year and increase the number of payments made to local marketing districts. The bill does not affect the county lodging tax which is filed quarterly.

Department of Revenue. The Department of Revenue would need to reprogram the state's tax administration and accounting software to accept lodging tax returns and distribute lodging tax revenues monthly. This would take 30 hours of programming and testing by the software vendor, requiring a General Fund appropriation of \$6,180 in FY 2014-15.

The Department of Revenue would process an additional 12,000 lodging tax returns per year. This would require a General Fund appropriation of \$8,631 per fiscal year.

Local Marketing District Impact

This bill would allow local marketing districts to receive monthly distributions of local marketing and promotion tax revenue from the Department of Revenue. Monthly distributions would allow local marketing districts to spend lodging tax revenue sooner or receive any interest earnings on unspent lodging tax revenue. Under current law this local marketing lodging tax revenue is distributed quarterly.

Effective Date

The bill becomes law upon the signature of the governor, or upon becoming law without his signature and takes effect July 1, 2014.

State Appropriations

For FY 2014-15, the Department of Revenue requires a General Fund appropriation of \$14,811.

State and Local Government Contacts

Department of Revenue
Counties

Department of Personnel and Administration
Cities