FISCAL NOTE

Senate Bill 65

Committee: County and Municipal Government | Sponsor: Senator Andrew Jones
Analyst: JT Mathis | Date: 03/21/2023

Senate Bill 65 as reported by the Committee on County and Municipal Government would decrease receipts to municipal general funds, beginning October 1, 2023, by an undetermined amount by incrementally reducing occupational license taxes based on income levied by certain municipalities as follows: (1) capping the rates assessed by municipalities to the rates assessed on January 1, 2023, and (2) for the municipalities with a maximum occupational tax rate greater than 1% on January 1, 2023. This bill further provides that the reduction of occupational taxes for any municipality with outstanding debt secured by occupational tax revenues will not begin until the January following the final payment on the outstanding debt, reducing the rate by an additional minimum of 0.2% annually each October 1st until the maximum occupational tax rate is 1%.

The provisions off this bill will also decrease receipts to municipal general funds by an undetermined amount by: (1) exempting income earned by individuals in police jurisdictions or on property that is an industrial megasite of 1,000 or more acres annexed into a municipality after January 1, 2023, (2) exempting income earned by certain individuals that have provided service for 90 days or less, and for certain individuals providing services in the municipality in response to a declared natural disaster or other state of emergency by the Governor or the U.S. President, (3) exempting severance payments, supplemental unemployment payments, and retirement incentive payments, and (4) requiring the issuance of refunds for any portion of gross receipts or income earned from outside of the corporate limits or jurisdiction of the municipality.

In addition, this bill would also (1) prohibit municipalities from levying any new occupational license taxes, which could decrease future potential revenues to municipalities by an undetermined amount, and (2) require counties with two or more municipalities levying an occupational license tax above 1%, to have a county-wide referendum at the first primary election held in 2028 regarding the continued levying of the occupational license tax after the rate has been reduced to one percent, which would increase the obligations of certain county commissions by an undetermined amount.