

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6588
BILL NUMBER: HB 1144

NOTE PREPARED: Jan 13, 2026
BILL AMENDED: Jan 13, 2026

SUBJECT: Tourism Improvement Districts.

FIRST AUTHOR: Rep. Karickhoff
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill provides that a person may circulate a petition to create a tourism improvement district (district) within the territory of a county, city, or town (local unit). It also specifies the contents of the tourism improvement district plan that must be filed with a petition to establish a district. The bill provides that the legislative body of the local unit may require in the district plan that the boundaries of the district be drawn to:

- (1) exclude businesses; or
- (2) prevent overlap of the district with another area or district in which a special assessment is imposed.

This bill also provides that owners of businesses located within a district may be charged a special assessment to fund improvements and other district activities. It provides that, after a hearing on a petition to establish a district, a local unit's legislative body may adopt the ordinance establishing the district only if it determines that the petition has been signed by:

- (1) at least 50% of the owners of businesses within the proposed district; and
- (2) the owners of businesses within the proposed district that constitute more than 50% of the revenue to be collected from the special assessments.

It also requires the county, city, or town legislative body, at the public hearing on the establishment of a district, to hear from each individual business owner that wishes to make a request for exclusion from the district. The bill specifies the contents of the ordinance establishing a district and the length of time for which a district may exist. It also allows a district to issue bonds and specifies the term of any bonds issued. It provides that a district may be renewed.

The bill also sets forth an annual 30 day period in which the owners of the businesses in the district may request disestablishment of the district under specified conditions. It requires the local unit to contract with a private nonprofit district management association to administer and implement the district's activities and improvements. It also excludes from inclusion within a district:

- (1) property that receives a homestead standard deduction;
- (2) property used for single family residential housing; and

(3) property used for multi-unit residential housing.

Effective Date: July 1, 2026.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *County Auditors and Clerk Treasurers:* The bill may increase expenses and administrative workload for auditors and clerk treasurers. If a tourism improvement district is proposed in a municipality, the petition to establish the district would be filed with the clerk treasurer. Petitions for establishing a district in an unincorporated area would be filed with the county auditor.

The auditors and clerk treasurers are required to publish notice for the public hearing on a proposed district. They are also required to mail a copy of the notice to each business property owner in the proposed district. The cost of the mailing would depend on the number of identified business property owners in the district.

County Councils and City or Town Councils: The bill may increase expenses and administrative workload for the legislative body of the county, city, or town where a district is proposed. In addition to conducting a public hearing, the county, city, or town council is required to do the following:

- Verify that the petition was signed by the required number of business owners in the proposed district.
- Determine the manner in which the special assessment is to be levied.
- Contract with a district management association to administer the district.

The cost of the contract would likely depend on factors such as the number of business property owners in the district and the duration of the district.

Expenses and administrative workload for the legislative body of the county, city, or town with an ordinance establishing a tourism district will also increase if the district owners request the dissolution of the district.

[Any bonds issued by a district do not constitute an indebtedness for purposes of the unit's constitutional or statutory debt limits.]

Explanation of Local Revenues: The bill allows a tourism improvement district to levy a special assessment on businesses in the district to be deposited into the Tourism Improvement Fund. The assessment must be based on the estimated benefit to the business. The basis and/or rate may be different for different types of businesses. A special assessment may include any of the following:

- Percentage rate per transaction
- Fixed rate per transaction per day
- Percentage of gross sales

Special assessments from the Tourism Improvement Fund and any money earned from investment of money in the fund may be used to fund the district's activities and finance bonds issued for improvements in the district.

State Agencies Affected:

Local Agencies Affected: County auditors; clerk treasurers; county councils; city and town councils.

Information Sources:

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