

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 4304-01
Bill No.: HB 1524
Subject: Cities: Transient Guest Tax
Type: Original
Date: March 1, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	\$0	\$0	\$0

***Oversight assumes annual cost would not exceed annual income resulting in either a \$0 or a positive annual fund balance. For purposes of this fiscal note, Oversight assumes zero fiscal impact.**

FISCAL ANALYSIS

ASSUMPTION

In a similar proposal, officials of the **Department of Economic Development, Division of Tourism** assumed no fiscal impact.

Officials of the **City of St. Roberts** project that HB 1524 will increase the revenue of the city by instituting a transient guest tax to fund a small convention center and multipurpose center in the city. This center will help serve a growing need for a conference and convention center in the city and for the Fort Leonard Wood region. Based on our current hotel occupancy rates, the estimated revenue stream would be:

<u>Fiscal Year</u>	<u>Estimated Revenue from transient guest tax</u>
2005	\$100,000
2006	\$206,000
2007	\$212,000

St. Roberts is also projecting an increase in sales tax revenue of approximately \$60,000 per year or more generated by an increase in hotel room occupancy, restaurant and retail sales.

ASSUMPTION (continued)

St. Roberts will generate additional administrative costs in addition to the cost to build, operate and maintain the convention and multipurpose facility. These costs will be targeted to match the anticipated revenues from the transient guest tax. Therefore, there should be no net fiscal impact to the City of St. Roberts beyond the additional sales tax revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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CITY OF ST. ROBERTS

<u>Income</u> from transient guest tax	\$100,000	\$206,000	\$212,000
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<u>Cost</u> to city for convention/multipurpose center	<u>(\$100,000)</u>	<u>(\$206,000)</u>	<u>(\$212,000)</u>
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ESTIMATED NET EFFECT TO LOCAL GOVERNMENT*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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***Oversight assumes annual cost would not exceed annual income resulting in either a \$0 or a positive annual fund balance. For purposes of this fiscal note, Oversight assumes zero fiscal impact.**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.


DESCRIPTION

This proposal allows the City of St. Roberts to impose, upon voter approval, a room tax of not more than 5% per night. This tax will be in addition to any other tax authorized by law and will be used for the purpose of funding the construction, maintenance, and operation of a convention and multipurpose center.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development - Tourism
City of St. Roberts



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Director
March 1, 2004