

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2288-01
Bill No.: HB 1110
Subject: Political Subdivisions; Motels and Hotels; Taxation and Revenue - Sales and Use;
Tourism
Type: Original
Date: April 29, 2019

Bill Summary: This proposal authorizes the creation of a Lake Area Residential Rental District.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning** assume the following:

§67.1167 - This proposal creates the ability to form lake area residential rental districts in the Lake of the Ozarks area and any other Missouri lake region with 1,000 miles or more of shoreline. If established, this district is a body corporate and politic and a political subdivision of the state.

§67.1168 - This section creates an elected seven-member advisory board serving three-year terms that is responsible for oversight and management of the residential rental district.

§67.1169 - This section directs the advisory board to submit a tax proposal to a vote of the residents of the district. This proposal will not impact the local or state calculation under Article X, Section 18(e), because the 2% to 6% tax on rent paid in the residential rental district will be voter-approved.

The section also allows the county to collect a penalty of 1% and interest not to exceed 2% per month on unpaid taxes. Article IX, Section 7 of the Missouri Constitution requires that penalties, forfeitures and fines collected for violations of state law be distributed to the schools. To the extent any additional such revenues are deposited into the state treasury, TSR may increase.

§67.1180 - This section amends the dissolution of a lake area business districts to include lake area residential rental districts upon petition by two-thirds of real property owners in the district.

Oversight assumes this proposal could increase local revenues should the governing body of any county that borders or contains part of a lake with one thousand miles or more of shoreline establish a lake area residential rental district. Oversight is unclear when the governing body would take this action to establish a lake area residential rental district. Oversight assumes once the district is established, any proposed tax rate for the district could be held and voted on at the next municipal election is April of 2020 or at the next general election in November of 2020. Therefore, Oversight will reflect a \$0 (if no district is established) or a positive unknown (if a district is established and revenues are collected from a proposed tax rate) fiscal impact to local political subdivisions from this proposal.

ASSUMPTION (continued)

Officials at the **Office of the Secretary of State**, the **Department of Natural Resources**, the **Department of Revenue** and the **Department of Economic Development** each assume no fiscal impact to their respective agencies from this proposal.

Oversight notes that the Office of the Secretary of State, the Department of Natural Resources, the Department of Revenue and the Department of Economic Development each has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, Morgan, Miller and Camden counties were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
---	---------------------	---------	---------

**COUNTIES OF MORGAN, MILLER
AND CAMDEN**

<u>Revenue</u> - 50% of tax revenues going to the lake area residential rental district	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
---	----------------	----------------	----------------

<u>Revenue</u> - 50% of tax revenue going to the counties	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
---	-----------------------	-----------------------	-----------------------

**ESTIMATED NET EFFECT ON
MORGAN, MILLER AND CAMDEN
COUNTIES**

<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
-----------------------	-----------------------	-----------------------

FISCAL IMPACT - Small Business

There could be a direct fiscal impact to small businesses within the lake area residential rental district as a result of this proposal.

FISCAL DESCRIPTION

The bill allows the governing body of any county that borders or contains part of a lake with 1,000 miles or more of shoreline to establish a lake area residential rental district. The district shall be located within approximately five miles of the lake.

Each district shall create an advisory board as required by the bill. The board, by majority vote, can submit a district tax proposal between 2% and 6%.

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

Office of Administration
Division of Budget and Planning
Office of the Secretary of State
Department of Natural Resources
Department of Revenue
Department of Economic Development



Kyle Rieman
Director
April 29, 2019

Ross Strobe
Assistant Director
April 29, 2019