

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0902H.011
Bill No.: HB 65
Subject: Taxation and Revenue - Sales and Use; Motels and Hotels; Tourism; Cities,
 Towns, and Villages; Revenue, Department of
Type: Original
Date: February 9, 2021

Bill Summary: This proposal authorizes a transient guest tax in the City of Butler upon voter approval.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning** defer to the local government for the potential fiscal impact of this proposal.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes the City of Butler did not respond to Oversight's request for fiscal impact. This proposed legislation allows the City of Butler, subject to voter approval, to impose a tax on the chargers for all sleeping rooms paid by the transient guests of hotels or motels, which shall not exceed six percent (6.0%) per occupied room per night.

Oversight notes the City of Butler may propose the tax to its respective voters at an election. Should the voters vote in favor of the tax, the tax shall become effective on the first day of the second calendar quarter following the calendar quarter in which the election was held. Should the voters vote against the tax, the tax shall not become effective unless and until the question is resubmitted and approved by the qualified voters of the City.

Oversight does not have any information regarding the number of rooms or transient guests who occupy rooms in the City of Butler to estimate an amount of increased income the City of Butler would receive annually. Therefore, Oversight will reflect a \$0 (no tax increase approved by the voters) or positive unknown (tax increase approved by the voters) fiscal impact for the City of Butler for this proposal.

Oversight also notes that there is no November 2021 election: therefore, the earliest election date would be in April of 2022. If the voters approve the tax would go into effect in October of 2022 (Fiscal Year 2023).

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
CITY OF BUTLER			
<u>Revenue</u> – Transient tax on hotels/motels	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON THE CITY OF BUTLER FUNDS	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

There could be a fiscal impact to small businesses who operate as hotels/motels in the City of Butler as a result of this proposal.

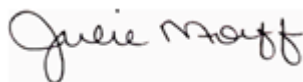
FISCAL DESCRIPTION

This bill authorizes certain cities to impose, upon voter approval, a transient guest tax in an amount of no more than 6% per occupied room per night, for general revenue purposes. Upon enactment, the only city to which the bill would apply is the City of Butler.

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 - Budget and Planning
Department of Revenue



Julie Morff
Director
February 9, 2021



Ross Strobe
Assistant Director
February 9, 2021