

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0902H.02C
Bill No.: HCS for HB 65
Subject: Taxation and Revenue - Sales and Use; Motels and Hotels; Tourism; Cities,
 Towns, and Villages; Revenue, Department of
Type: Original
Date: March 2, 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 or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full 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 **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 for DOR.

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 voters at an election to be held not before the November 2022 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 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 a difference from the previous version of this proposal is that it specifically puts the question of the extra transient tax for the voters to not before the November 2022 general election. Therefore, if the voters approve the tax, it would go into effect no earlier than in April of 2023 (3 months of Fiscal Year 2023).

<u>FISCAL IMPACT – State Government</u>	FY 2022	FY 2023 (6 Mo.)	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022	FY 2023 (6 Mo.)	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.

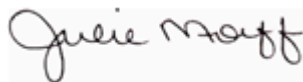
FISCAL DESCRIPTION

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

Department of Revenue



Julie Morff
 Director
 March 2, 2021



Ross Strobe
 Assistant Director
 March 2, 2021