

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2082H.011
Bill No.: HB 993
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Tourism;
Political Subdivisions; Cities, Towns, and Villages; Motels and Hotels
Type: Original
Date: February 16, 2021

Bill Summary: The proposal authorizes, upon voter approval, a transient guest tax whose revenues are dedicated to tourism for the City of Marceline.

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 to as much as \$2,000,000	\$0 to as much as \$4,000,000

FISCAL ANALYSIS

ASSUMPTION

Official from the **Department of Revenue (DOR)** and **Office of Administration – Budget & Planning (B&P)** each assume the proposal would not have a direct impact on their respective agencies.

Oversight notes DOR and B&P do not anticipate a direct fiscal impact as a result of this proposed legislation. Oversight does not have any information to the contrary. Oversight assumes DOR would not collect the tax and retain a percentage. Therefore, Oversight will report a zero fiscal impact for these organizations.

Officials from the **City of Marceline (Marceline)** assume the proposal would have a positive fiscal impact on their respective organization with estimated revenue of \$1,600.00 to \$4,000.00 +/- based on the tax approved by voters (2% to 5%).

Oversight notes this proposed legislation would allow the governing body of Marceline to impose a tax on the charges for all sleeping rooms paid by transient guests of hotels, motels, bed and breakfast inns, campgrounds and any docking facility that rents slips to recreational boats that are used by transients for sleeping. This proposed legislation permits the transient guest tax to be at least two percent (2%) but not more than five percent (5%) per occupied room per night.

For purposes of this fiscal note, **Oversight** will report a positive fiscal impact to local political subdivisions (City of Marceline) ranging from \$0 (voters reject the proposal or it is not put forth to voters) to the estimates provided by Marceline.

Oversight notes the earliest this proposal could be implemented is the 2022 General Primary Election. Oversight assumes this could occur in August 2022. Therefore, Oversight will report the positive fiscal impact to local political subdivisions (City of Marceline) for 6 months in Fiscal Year 2023.

<u>FISCAL IMPACT – 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 MARCELINE			
<u>Revenue Gain – 2% to 5% Transient Tax</u>	<u>\$0</u>	<u>\$0 to as much as \$2,000,000</u>	<u>\$0 to as much as \$4,000,000</u>
NET EFFECT ON CITY OF MARCELINE	<u>\$0</u>	<u>\$0 to as much as \$2,000,000</u>	<u>\$0 to as much as \$4,000,000</u>

FISCAL IMPACT – Small Business

The small businesses would be expected to collect appropriate transient guest tax as a result of this proposal.

FISCAL DESCRIPTION

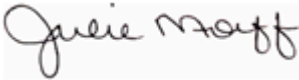
This bill authorizes a transient guest tax for the purposes of promoting tourism in an amount of not less than 2% but not more than 5% per occupied room for any city of the third classification with more than 2,100 but fewer than 2,400 inhabitants and partially located in any county of the third classification with a township form of government and with more than 12,000 but fewer than 14,000 inhabitants. Such tax will not become effective unless the governing body of the city submits to the voters of the city a proposal to authorize the governing body of the city to impose such tax.

Currently, the provisions of this bill apply to the City of Marcelline.

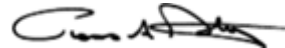
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration – Budget & Planning
City of Marceline



Julie Morff
Director
February 16, 2021



Ross Strobe
Assistant Director
February 16, 2021