

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2102H.03I
Bill No.: HB 1047
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Motels and Hotels; Cities, Towns, and Villages; Tourism
Type: Original
Date: February 23, 2021

Bill Summary: The proposal authorizes a transient guest tax for the City of Smithville.

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	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Budget and Planning, Department of Revenue, and Economic & Policy Analysis Research Center** each assume the proposal would not have a direct fiscal impact on their respective organization.

Oversight notes the proposal would allow any city of the fourth classification with more than eight thousand but fewer than nine thousand inhabitants and located partially in any county of the first classification with more than two hundred thousand but fewer than two hundred sixty thousand inhabitants and partially in any county of the first classification with more than eighty-three thousand but fewer than ninety-two thousand inhabitants and with a city of the fourth classification with more than four thousand five hundred but fewer than five thousand inhabitants as the county seat to adopt up to one-half of one percent sales tax or the purpose of funding public safety.

Oversight notes the City fitting the criteria of this proposal is City of Smithville. The proposal allows city to propose transient guest tax on guests of hotels or motels situated in the city or a portion thereof, which shall be not more than five percent per occupied room per night.

Oversight notes the City may implement such a tax only with approval from the voters at a general or primary election with the primary purpose to promote tourism. At this time there is no such a transient tax collected in City of Smithville. If such a tax should be approved by the voters, Oversight assumes it would not be in place until 2023. Therefore, Oversight will reflect \$0 tax collection for FY 2022, and a range of \$0 (voters do not approve the tax) or a positive Unknown (voters approve the tax) collection for FY 2023, and FY 2024 on the fiscal note.

Oversight only reflects the responses that we have received from state agencies; however, City of Smithville officials were requested to respond to this proposed legislation but did not. Oversight notes only two hotels are currently listed in Smithville, a Super 8 and the Smithville Historical Museum and Inn. Oversight does not have enough information to estimate an amount of tax potentially generated if this is approved by voters.

<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 SMITHVILLE			
<u>Revenue Gain – Transient Guest Tax (RSMo 94.834)</u>	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
NET EFFECT ON CITY OF SMITHVILLE	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

Small businesses in Smithville would be required to collect the transient guest tax with the voter approval.

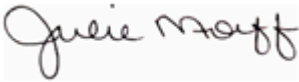
FISCAL DESCRIPTION

This bill authorizes the governing body of any city of the fourth classification with more than 8,000 but fewer than 9,000 inhabitants and located partially in any county of the first classification with more than 200,000 but fewer than 260,000 inhabitants and partially in any county of the first classification with more than 83,000 but fewer than 92,000 inhabitants and with a city of the fourth classification with more than 4,500 hundred but fewer than 5,000 inhabitants as the county seat to impose a tax on the charges for all sleeping rooms paid by the transient guests of hotels or motels which may not be more than 5% per room. The proceeds of this tax will be used by the city solely for the promotion of tourism. Such tax will not become effective unless the governing body of the city submits to the voters, and is approved by a majority, 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 Smithville.

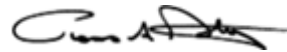
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration – Budget & Planning
Economic & Policy Analysis Research Center



Julie Morff
Director
February 23, 2021



Ross Strobe
Assistant Director
February 23, 2021