

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1637H.02C
Bill No.: HCS for HB Nos. 604 & 180
Subject: Taxation and Revenue - Sales and Use; Cities, Towns, and Villages
Type: Original
Date: March 28, 2023

Bill Summary: This proposal authorizes the cities of Knob Noster and Cameron to impose a transient guest tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	\$0	\$0 or Unknown, could exceed \$45,990	\$0 or Unknown, could exceed \$183,960

FISCAL ANALYSIS

ASSUMPTION

§67.1009 – Transient Guest Tax for the City of Knob Noster

Oversight notes this provision permits certain cities the ability to vote in a transient guest tax for promotion of the city. **Oversight** assumes the proposal permits the city of Knob Noster (Subdivision 3) to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night. The transient guest tax on the city of Knob Noster would be used for the promotion of tourism, economic development and the retention and growth of Whiteman Air Force Base. Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to Knob Noster for this proposal.

§67.1360 – Transient Guest Tax for the City of Cameron

In response to similar legislation from this year, HB 180, the **City of Cameron** estimated the fiscal impact of the referenced bill for fiscal years 2024, 2025 & 2026 to be as follows:

(Reminder: 2023 will likely not be a factor due to any changes voted and approved would not take effect until August or later which would delay the City of Cameron being able to make it available for a vote of its citizens until November 2023 or April 2024 depending on the effective date of the bill.

Revenue Increases: FY24 - estimate 50% of annual total or approximately \$70,000
FY23 - full year collection or approximately \$147,000
FY24 - full year collection or approximately \$148,000

This revenue source is not expected to decrease any other established revenues.

Costs that would increase would be sponsoring of community activities to revitalize the area. Cost savings would be in the form of re-allocation of costs for proposed community activities. Methodology: Cameron currently has approximately 280 hotel/motel rooms @ 60% occupancy with an average rate of \$60 per room X 365 nights per year = \$3,679,200. Those revenues X the 4% hotel/motel tax rate = \$147,168 annual revenue impact to the City of Cameron Tourism Bureau.

Oversight notes the City Cameron used a transient guest tax rate equal to four percent (4%) when calculating the estimated fiscal impact of this proposed legislation.

Oversight notes this proposed legislation would allow the governing body of the City of Cameron 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.

Oversight notes the transient guest tax proposed shall not become effective unless the governing body of the City of Cameron submits to its voters a proposal to authorize the City of Cameron to impose a transient guest tax and the voters of the City of Cameron approve the proposal.

Oversight notes the revenue generated as a result of the transient guest tax(es) collected by the City of Cameron are to be used by the City of Cameron for the promotion of tourism.

Using the data provided by the City of Cameron, Oversight provides the possible fiscal impact provided Cameron puts forth a rate other than, but including, four percent (4%):

Estimated Transient Guest Tax Rate	Estimated Increase to City of Cameron's Revenue(s)
2%	\$73,584
3%	\$110,376
4%	\$147,168
5%	\$183,960

Oversight will report a revenue gain to the City of Cameron ranging from \$0 (Cameron does not propose to its respective voters the transient guest tax or the voters of Cameron reject the proposal) “up to” Oversight’s estimated revenue increase to the City of Cameron provided Cameron puts forth a transient guest tax equal to the maximum rate permitted of five percent (5%).

Bill as a Whole

Officials from the **Office of Administration - Budget and Planning**, the **Department of Economic Development**, the **Department of Revenue**, the **Department of Public Safety (Missouri Veterans Commission)** and the **Missouri National Guard** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

For purposes of this fiscal note, **Oversight** will assume the cities of Knob Noster & Cameron will put forth the proposal authorized under this proposed legislation at a general election. Oversight assumes the next general election will occur in November 2024 (Fiscal Year 2025) with such tax beginning April 1, 2025 (per §67.1362). Therefore, Oversight will report the revenue gain to these cities beginning in Fiscal Year 2025 (3 months’ worth of collection).

For the purposes of this fiscal note, **Oversight** will not report a fiscal impact to the State of Missouri as a result of a transient guest tax imposed by the cities of Knob Noster & Cameron, as the Missouri Department of Revenue does not currently collect transient guest taxes (unless an agreement with a political subdivision is made for such collection to be administered by the Missouri Department of Revenue).

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain – §67.1009 – City of Knob Noster Transient Guest Tax</u>	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain – §67.1360 – City of Cameron Transient Guest Tax</u>	<u>\$0</u>	<u>\$0 or up to \$45,990</u>	<u>\$0 or up to \$183,960</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0 or Unknown, could exceed \$45,990</u>	<u>\$0 or Unknown, could exceed \$183,960</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses who are in the hotel/motel industry, breakfast inn, campgrounds or any docking facility that rents slips to recreational boats and would be subject to the transient guest tax upon voter approval.

FISCAL DESCRIPTION

§67.1009 – Transient Guest Tax for the City of Knob Noster

This bill authorizes certain cities, upon voter approval, to impose a transient guest tax not to exceed 6% of the charges per occupied room per night, to be used for the purposes of promoting tourism, economic development, and the retention and growth of any military base near the city.

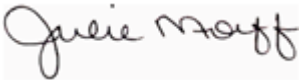
§67.1360 – Transient Guest Tax for the City of Cameron

This bill adds certain cities to the list of cities and counties authorized in the bill to impose, upon voter approval, a transient guest tax of between 2% and 5% per occupied room per night for tourism purposes. Upon enactment, the bill will apply to the City of Cameron.

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 Economic Development
Department of Revenue
Department of Public Safety
 Missouri National Guard
 Missouri Veterans Commission
City of Cameron



Julie Morff
Director
March 28, 2023



Ross Strobe
Assistant Director
March 28, 2023