

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3346H.01I
Bill No.: HB 1984
Subject: Political Subdivisions; Taxation and Revenue - Sales and Use
Type: Original
Date: January 19, 2024

Bill Summary: This proposal authorizes a transient guest tax for tourism purposes in Richmond.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

§67.1360 – Transient Guest Taxes for Tourism for the City of Richmond

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal allows the City of Richmond to impose a transient guest tax of at least 2% but not more than 5%. B&P defers to the City of Richmond on the transient guest tax for specific estimates of actual collection costs.

This proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e)

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 this section (Subdivision 38) permits the City of Richmond the ability to vote in a transient guest tax (of not less than 2% and not more than 5% per occupied room, per night) for funding the promotion of tourism. The transient guest tax may be charged on hotels, motels, bed and breakfast inns, and campgrounds and any docking facility that rents slips to recreational boats. Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to the City of Richmond for this proposal. **Oversight** does not have enough information regarding sleeping rooms in the City of Richmond to provide an estimate.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
CITY OF RICHMOND			
<u>Revenue</u> – transient guest taxes – if approved by the voters §67.1360	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON THE CITY OF RICHMOND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to Richmond small businesses who are in the hotel/motel industry, bed and breakfast inns, campgrounds and docking facilities that rent slips to recreational boats. These businesses would be subject to the transient guest tax upon voter approval as a result of this proposal.

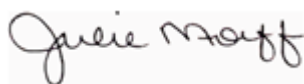
FISCAL DESCRIPTION

This bill authorizes certain cities 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 add the City of Richmond.


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
 January 19, 2024



Ross Strope
 Assistant Director
 January 19, 2024