

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3726H.011
 Bill No.: HB 1439
 Subject: Cities, Towns, and Villages; Taxation and Revenue - General; Political Subdivisions
 Type: Original
 Date: January 12, 2024

Bill Summary: This proposal authorizes a transient guest tax for tourism purposes in Harrisonville upon voter approval.

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	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

§67.1013 - Transient Guest Tax for Tourism Purposes in Harrisonville

Officials from the **Office of Administration - Budget and Planning (B&P)** state the provision establishes transient guest taxes for the City of Harrisonville. This proposal allows the City to impose a transient guest tax of about 6%. B&P defers to the City of Harrisonville on the transient guest tax for specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** state transient guest taxes are collected by the local government. This proposal grants Harrisonville the authority to take a transient guest tax to the ballot. This does not impact DOR.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

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 Harrisonville (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 Harrisonville would be used for the promotion of tourism. Oversight does not have information regarding the number of sleeping rooms, occupancy rates and charges. Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to Harrisonville for this proposal.

<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 HARRISONVILLE			
<u>Revenue Gain</u> - §67.1013 – Transient Guest Tax	\$0	\$0 or Unknown	\$0 or Unknown
ESTIMATED NET EFFECT ON THE CITY OF HARRISONVILLE	\$0	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to hotels/motels in Harrisonville and would be subject to the transient guest tax upon voter approval as a result of this proposal.

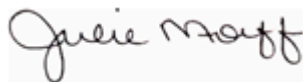
FISCAL DESCRIPTION

This bill authorizes certain cities to impose, upon voter approval, a transient guest tax of no more than 6% per occupied room per night. Upon enactment, the bill will apply to the City of Harrisonville.


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
 Office of the Secretary of State



Julie Morff
 Director
 January 12, 2024



Ross Strope
 Assistant Director
 January 12, 2024