

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4116H.05C
 Bill No.: HCS for HB 2431
 Subject: Cities, Towns, and Villages; Taxation and Revenue - Sales and Use; Political Subdivisions
 Type: Original
 Date: April 20, 2026

Bill Summary: This proposal authorizes certain political subdivisions to levy local taxes, upon voter approval.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0 or (Could exceed \$147,704)	\$0 or \$87,679	\$0 or \$93,109
Total Estimated Net Effect on General Revenue	\$0 or (Could exceed \$147,704)	\$0 or \$87,679	\$0 or \$93,109

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0 or \$1,302,905	\$0 or \$9,434,930	\$0 or \$9,972,578

FISCAL ANALYSIS

ASSUMPTION

§67.578 - Sales Tax for Museum Purposes

Officials from the **Department of Revenue (DOR)** note the legislation states any county with more than nineteen thousand but fewer than twenty-two thousand inhabitants with a county seat with more than eight thousand five hundred, but fewer than ten thousand inhabitants can impose a sales tax for funding of museums. DOR believes that Henry County is the only one allowed the sales tax.

Henry County are allowed to adopt this tax by a vote of their people. This is a one-fifth of one percent sales tax. DOR notes that the department is allowed to retain 1% of all sales tax collected for reimbursement of the department’s expenses.

DOR records show that Henry County has taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$59,545,258	\$72,620,539	\$72,182,617	\$67,841,737	\$272,190,150
2021	\$68,004,898	\$77,252,923	\$75,678,643	\$75,513,686	\$296,450,150
2022	\$68,505,703	\$81,363,985	\$81,707,032	\$78,752,372	\$310,329,092
2023	\$74,668,454	\$83,160,593	\$79,565,604	\$79,878,732	\$317,273,384
2024	\$74,367,751	\$82,316,545	\$82,523,439	\$80,168,613	\$319,376,349

Sales Tax only

The Department notes this proposal allows a one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount that Henry County would collect, and the fee retained by DOR as:

Fiscal Year	Total Sales	Total Collections	DOR 1% Fee	Final Collection
2027	\$338,924,736	\$677,849	\$6,778	\$671,071
2028	\$345,703,231	\$691,406	\$6,914	\$684,492
2029	\$352,617,296	\$705,235	\$7,052	\$698,182

DOR notes that this proposal would become effective on August 28, 2026, and the first election this issue could be presented to the voters would be the April 2027 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2027 (FY 2028) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2028 of 8 months.

Henry County 1/5 of 1% Tax

Fiscal Year	DOR 1%	Local Collection
2027	\$0	\$0
2028 (8 months)	\$4,609	\$456,328
2029	\$7,052	\$698,182

*Effective Date 8/28/2026

If passed will require the Department to make changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$7,547 per system change (\$30,188) for each county that passes it.

§67.599 - Sales Tax for County Purposes

Officials from the **Department of Revenue (DOR)** note the legislation states any county with more than nine thousand nine hundred but fewer than eleven thousand inhabitants with a county seat with more than one thousand, but fewer than one thousand five hundred inhabitants can impose a sales tax of up to one percent for county facilities. DOR believes that Bollinger County is the one allowed the sales tax.

DOR records show that Bollinger County has taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$12,560,145	\$13,495,033	\$13,446,427	\$13,405,149	\$52,906,754
2021	\$13,166,999	\$12,967,346	\$13,099,439	\$22,843,063	\$62,076,848
2022	\$13,657,521	\$14,342,136	\$14,986,689	\$22,478,730	\$65,465,076
2023	\$14,741,559	\$14,972,714	\$15,584,765	\$16,035,179	\$61,334,217
2024	\$14,822,133	\$19,878,677	\$15,557,745	\$14,643,421	\$64,901,976

The Department notes this proposal allows up to a one percent sales tax. For fiscal note purposes only, DOR will show the impact of the maximum one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount that Bollinger County would collect, and the fee retained by DOR as:

Fiscal Year	Total Sales	Total Collections	DOR 1% Fee	Final Collection
2027	\$68,874,496	\$675,240	\$6,752	\$668,488
2028	\$70,251,986	\$702,520	\$7,025	\$695,495
2029	\$71,657,026	\$716,570	\$7,166	\$709,405

DOR notes that this proposal would become effective on August 28, 2026, and the first election this issue could be presented to the voters would be the April 2027 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the

director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2027 (FY 2028) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2028 of 8 months.

Bollinger County 1% Tax

Fiscal Year	DOR 1%	Local Collection
2027	\$0	\$0
2028 (8 months)	\$4,683	\$463,663
2029	\$7,166	\$709,405

*Effective Date 8/28/2026

If passed this will require the Department to make changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$7,547 per system change (\$30,188).

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the Department of Revenue.

In response to similar legislation, SB 1465 (2026). Officials from the **Office of Administration - Budget and Planning (B&P)** deferred to Bollinger County for the fiscal impact of this sales tax not to exceed one percent. DOR's retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the sales tax collection. B&P defers to DOR for more specific estimates of actual collection costs.

§67.1000 - Transient Guest Tax

Officials from the **Department of Revenue** note this grants a certain city the ability to increase their transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

Officials from the City of Joplin did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight assumes the proposal allows the City of Joplin to impose a transient guest tax on hotels and motels of not more than 6% per occupied room per night. The governing body of the city would submit this question to voters of the city at an election. If approved by the voters, the proceeds would be used for the construction and maintenance of new capital projects to promote tourism in the city.

Oversight notes according to the Department of Revenue's Taxable Sales and Use Tax by NAICS Code Report, the City of Joplin has the following taxable sales for hotels and motels from calendar years (CY) 2021 to 2025. Oversight notes CY 2025 is a partial year of 6 months.

CY 2021	\$29,506,341
CY 2022	\$32,246,912
CY 2023	\$33,653,358
CY 2024	\$33,513,298
CY 2025	\$16,978,525
TOTAL	\$145,898,434

Oversight notes the 4½ year average of the taxable sales for the City of Joplin is \$32,421,874. The City of Joplin currently uses a 4% transient guest tax according to their ordinance #2000-148. Using the average above and applying an additional tax up to 2% for the transient guest tax, this would generate \$648,437 annually of additional revenue for the City of Joplin. Therefore, Oversight will show a \$0 (no voter approval) or a revenue gain up to \$648,437 (ballot passed by the voters) for the City of Joplin. Assuming the voters of the city pass this ballot issue, the proposal does not specify when the start of the revenue would be collected on hotels and motels. Oversight will assume the earliest collection year will begin in FY28.

§67.1013 - Transient Guest Tax

Officials from the **Department of Revenue** note this grants certain cities the ability to have a transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

Oversight assumes the proposal permits the City of Harrisonville to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night.

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 the City of Harrisonville for this proposal.

Oversight notes the City of Harrisonville did not sign up for the MOLIS database to receive requests for fiscal impact and therefore could not provide a response for this fiscal note.

§67.1190 - Surcharge Tax for Certain Watercraft Rentals and Transient Guest Accommodations

Officials from the **Department of Revenue** note this grants a certain city the ability to increase their transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

Oversight assumes the proposal permits Shannon County to impose a surcharge tax of up to 5% on certain rentals.

Oversight does not have information regarding the number of sleeping rooms, campgrounds, resorts, bed and breakfast inns, tourist courts, short-term residential rentals, and watercraft

rentals in Shannon County. Therefore, Oversight will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to Shannon County for this proposal.

Oversight notes Shannon County did not sign up for the MOLIS database to receive requests for fiscal impact and therefore could not provide a response for this fiscal note.

§67.1360 – Transient Guest Tax(es)

Officials from the **Department of Revenue** note this grants certain cities the ability to have a transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

Oversight assumes this proposal authorizes the City of Lexington and the City of Richmond, upon voter approval, to each enact a transient guest tax of not more than 5% per occupied room at hotels, motels, bed and breakfast inns and campgrounds and any docking facility that rent slips to recreational boats per night for the promotion of tourism. Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approval by a majority of voters. If a majority of voters approve this issue on the ballot, then there would be potential tax revenue for the City of Lexington and/or the City of Richmond. Therefore, Oversight will reflect a \$0 (no voter approval) or unknown revenue impact for this proposal.

Oversight notes the City of Lexington did not sign up for the MOLIS database to receive requests for fiscal impact and therefore could not provide a response for this fiscal note.

Officials from the City of Richmond did not respond to Oversight's request for fiscal impact for this proposal.

§67.1367 – Transient Guest Tax

Officials from the **Department of Revenue** note this grants certain cities the ability to have a transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

Oversight assumes the proposal permits Washington County to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night.

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 Washington County for this proposal.

Officials from Washington County did not respond to Oversight's request for fiscal impact for this proposal.

§94.451 - Transient Guest Tax

Officials from the **Department of Revenue** note this grants certain cities the ability to have a transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

Oversight assumes this proposal authorizes the city of Knob Noster, upon voter approval, to enact a transient guest tax of not more than 5% per occupied room or campground site per night at hotels, motels or campgrounds situated in the city or a portion thereof. The transient guest tax would be used for general revenue purposes.

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 the City of Knob Noster for this proposal.

Oversight notes the city of Knob Noster did not signup for the MOLIS database to receive requests for fiscal impact and therefore could not provide a response for this fiscal note.

§94.456 - Transient Guest Tax

Officials from the **Department of Revenue** note this grants certain cities the ability to have a transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

Oversight assumes the proposal permits University City to impose a transient guest tax, upon voter approval, of not more than 8% per occupied room, per night.

Oversight assumes the proposal also applies to the cities of Oakville, Wildwood, and Park Hills.

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 the above cities for this proposal.

§94.815 - Use of Certain Tourism Tax Revenues

Oversight notes this provision does not create a new tax or modify the existing tax rate or tax base. The proposal expands the allowable uses of revenues already being collected, therefore, Oversight assumes no fiscal impact to the state or to local political subdivisions.

Officials from the City of Branson did not respond to **Oversight's** request for fiscal impact for this proposal.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization.

§94.833 - Transient Guest Tax for Certain Third-Class Cities

Officials from the **Department of Revenue** note this grants certain cities the ability to have a transient guest tax. Transient guest taxes are not collected by DOR. This will not fiscally impact DOR.

In response to similar legislation, SB 1551 (2026), officials from the **Department of Revenue (DOR)** assumed this proposal would grant any city the ability to take to their voters a transient guest tax. The tax can be no more than 5%. The tax must be approved by the voters of the city in order to be implemented.

This proposal allows any city adopting the transient guest tax to enter into a contract with the DOR to collect the tax. This contract is optional. DOR notes that should DOR collect the tax, it will require updates to all of DOR's tax collection and distribution systems (\$7,547) and updates to DOR forms (\$2,200). The total cost would be **\$9,747 per city**. DOR notes that when DOR collects these taxes, DOR will also get to retain 1% of the amount collected to reimburse DOR costs.

DOR notes DOR does not currently collect any transient guest taxes. DOR has not exercised DOR's option to collect taxes that are local only taxes.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to any updates to DOR's tax collection and distribution system and forms from this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

In response to similar legislation, SB 1551 (2026), officials from the **Office of Administration - Budget and Planning (B&P)** stated this proposal establishes transient guest taxes for third class cities with a city manager form of government established under Chapter 78. The transient guest tax shall not exceed 5.0% and be used for the purpose of tourism. B&P defers to the political subdivisions with this form of government for specific estimates of actual collection costs. If the city enters into an agreement with the DOR for collection of the tax, then there would be a TSR impact for the 1% DOR collection fee. B&P defers to DOR for more specific estimates of actual collection costs. Since it is unknown how many third class cities may pursue transient guest taxes and enter into an agreement with the DOR Director for collection, the fiscal impact is also \$0 to Unknown.

Oversight notes this proposal allows 3rd class cities to impose a transient guest tax on all lodging establishments (hotels, motels, bed and breakfast inns, or other similar establishments) of not more than 5% per occupied lodging establishment sleeping room per night. The governing body of the county would submit to the voters of the city this question at an election. If approved by the voters, the proceeds would be used by the city for the promotion of tourism.

Oversight notes according to the 2020 census, there are approximately 60 3rd class cities in the State. Oversight does not have the information to determine which of those cities currently have an ordinance to allow for a transient guest tax to be charged within their city or which of the cities would put before the voters this proposal. Oversight notes according to the DOR’s Taxable Sales and Use Tax by NAICS Code Report, these 3rd class cities for FY25 generated approximately \$106,215,621 in taxable sales for hotels, motels and bed and breakfast inns. Using the taxable sales for FY25 and applying a 5% transient guest tax would generate approximately \$5,310,781 annually of additional revenue for 3rd class cities. Therefore, Oversight will show a \$0 (no voter approval) or a revenue gain up to \$5,310,781 (ballot passed by the voters) for 3rd class cities. Assuming the voters of the cities pass this ballot issue, the tax could become effective as early as April of 2027 with a collection date of May of 2027. Therefore, Oversight will show a partial impact in 2027 of 2 months.

§94.833.4 gives the cities two options for the collection and administration of the tax. The city can internally collect the tax at a 1% (§94.833.4(2)(b) rate not to exceed 2% per month on unpaid taxes that are deemed delinquent. Therefore, Oversight will show a potential revenue gain to 3rd class cities for this option. The city may also enter into an agreement with DOR for collecting the tax. If this option is in place, then DOR would retain a 1% collection fee. Therefore, Oversight will also show a potential revenue gain to DOR for this option (§94.833.4(3)(d)).

§94.900 – Public Safety Sales tax(es)

Officials from the **Department of Revenue (DOR)** note this proposal would allow a city of more than three thousand four hundred but fewer than three thousand eight hundred inhabitants and located in a county with more than one million inhabitants could have a public safety sales tax up to one half of one percent. DOR believes this would be the City of Northwoods and the City of Frontenac.

Northwoods

DOR shows that the City of Northwoods has taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$4,571,637	\$4,450,271	\$4,973,475	\$4,880,927	\$18,876,311
2021	\$5,167,271	\$5,420,359	\$4,924,004	\$5,090,717	\$20,602,351
2022	\$4,965,467	\$5,310,216	\$5,338,653	\$5,257,589	\$20,871,925
2023	\$5,076,579	\$5,328,225	\$5,070,188	\$5,176,941	\$20,651,932
2024	\$5,332,659	\$5,360,478	\$5,180,431	\$5,145,807	\$21,019,374

Sales Tax only

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. Using the

taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Northwoods would collect, and the fee retained by DOR as:

Fiscal Year	Total Sales	Total Collections	DOR 1% Fee	Final Collection
2027	\$22,305,928	\$111,530	\$1,115	\$110,414
2028	\$22,752,047	\$113,760	\$1,138	\$112,623
2029	\$23,207,088	\$116,035	\$1,160	\$114,875

DOR notes that this proposal has an emergency clause and could become effective in July 2026, and the first election this issue could be presented to the voters would be the November 2026 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2027 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2027 of 2 months.

Northwoods	1/2 of 1% Tax	
Fiscal Year	DOR 1%	Local Collection
2027 (2 months)	\$186	\$18,402
2028	\$1,138	\$112,623
2029	\$1,160	\$114,875
*Effective Date 8/28/2026		

If passed this will require the Department to make changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$7,547 per system change (\$30,188).

Frontenac

DOR shows that the City of Frontenac has taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$38,981,076	\$18,618,881	\$39,979,818	\$49,875,936	\$147,455,710
2021	\$41,830,434	\$57,725,964	\$57,998,423	\$77,925,744	\$235,480,565
2022	\$52,329,467	\$68,403,624	\$60,953,028	\$85,782,242	\$267,468,362
2023	\$57,694,527	\$69,709,867	\$63,611,090	\$85,958,132	\$276,973,615
2024	\$56,988,351	\$67,565,332	\$62,977,305	\$86,967,588	\$274,498,575

Sales Tax only

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. Using the

taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Frontenac would collect, and the fee retained by DOR as:

Fiscal Year	Total Sales	Total Collections	DOR 1% Fee	Final Collection
2027	\$291,300,084	\$1,456,500	\$14,565	\$1,441,935
2028	\$297,126,086	\$1,485,630	\$14,856	\$1,470,774
2029	\$303,068,607	\$1,515,343	\$15,153	\$1,500,190

DOR notes that this proposal has an emergency clause and could become effective in July 2026, and the first election this issue could be presented to the voters would be the November 2026 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2027 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2027 of 2 months.

Frontenac	1/2 of 1% Tax	
Fiscal Year	DOR 1%	Local Collection
2027 (2 months)	\$2,428	\$240,323
2028	\$14,856	\$1,470,774
2029	\$15,153	\$1,500,190
*Effective Date 8/28/2026		

If passed this will require the Department to make changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$7,547 per system change (\$30,188).

Oversight will range the fiscal impact from \$0 (not approved by voters) to the estimates calculated by DOR for 2 months in FY 27 and reflect a full year of sales tax revenue for FY 28+.

Officials from the **Department of Revenue (DOR)** further note this proposal would allow a city of more than four thousand four hundred but fewer than four thousand nine hundred inhabitants to have a public safety sales tax up to one half of one percent. DOR believes this would be the City of Lexington.

DOR shows that the City of Lexington has taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$7,881,371	\$8,044,115	\$8,118,467	\$7,551,435	\$31,595,388
2021	\$8,327,251	\$8,698,472	\$8,534,687	\$8,449,229	\$34,009,639
2022	\$8,496,149	\$9,395,156	\$8,689,810	\$8,597,091	\$35,178,205
2023	\$9,372,321	\$9,035,645	\$8,465,838	\$8,583,499	\$35,457,304

2024	\$9,037,114	\$9,080,939	\$9,178,210	\$10,658,956	\$37,955,219
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Sales Tax only

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes the department is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Lexington would collect and the fee retained by DOR as:

Lexington	1/4 of 1% Tax		1/2 of 1% Tax	
	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2027	\$0	\$0	\$0	\$0
2028(8 months)	\$685	\$67,789	\$1,369	\$135,577
2029	\$1,048	\$103,716	\$2,095	\$207,433

DOR notes that this proposal has an emergency clause and could become effective in July 2026, and the first election this issue could be presented to the voters would be the November 2026 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2027 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2027 of 2 months.

Lexington	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2027 (2 months)	\$336	\$33,230
2028	\$2,054	\$203,366
2029	\$2,095	\$207,433

If passed this will require the Department to make changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$7,547 per system change (\$30,188).

Oversight will range the fiscal impact from \$0 (not approved by voters) to the estimates calculated by DOR for 2 months in FY 27 and reflect a full year of sales tax revenue for FY 28+.

Officials from the **Department of Revenue (DOR)** further note this proposal would allow a city of more than five thousand but fewer than six thousand three hundred inhabitants to have a public safety sales tax up to .50%. DOR believes this would be the City of Richmond.

DOR shows that the City of Richmond has taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$24,964,469	\$28,091,507	\$27,102,776	\$27,978,039	\$108,136,792
2021	\$28,893,422	\$29,753,520	\$29,480,585	\$31,288,952	\$119,416,479
2022	\$29,693,490	\$31,698,332	\$32,037,453	\$34,606,388	\$128,035,663
2023	\$32,951,835	\$33,190,461	\$31,715,577	\$33,881,323	\$131,739,196
2024	\$32,777,087. 06	\$32,593,411. 80	\$33,534,125. 03	\$34,698,309. 41	\$133,602,933. 30

Sales Tax only

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes the department is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Richmond would collect and the fee retained by DOR as:

Richmond	1/4 of 1% Tax		1/2 of 1% Tax	
	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2027	\$3,545	\$350,907	\$7,089	\$701,813
2028	\$3,615	\$357,925	\$7,231	\$715,850
2029	\$3,688	\$365,083	\$7,375	\$730,167

DOR notes that this proposal has an emergency clause and could become effective in July 2026, and the first election this issue could be presented to the voters would be the November 2026 general election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be April 1, 2027 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2027 of 2 months.

City of Richmond	1/2 of 1% Tax	
Fiscal Year	DOR 1%	Local Collection
2027 (2 months)	\$1,182	\$116,969
2028	\$7,231	\$715,850
2029	\$7,375	\$730,167
*Emergency Clause Effective Date		

If passed this will require the Department to make changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$7,547 per system change (\$30,188).

Responses regarding the proposed legislation as a whole

Oversight does not have information to the contrary and therefore, Oversight will reflect the costs for system updates as provided by the Department of Revenue.

Officials from the **Missouri Senate** and the **Oversight Division** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (partial year)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost</u> – DOR (Various sections) changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales & use tax rate map, & website changes	\$0 or (Could exceed \$160,687)	\$0	\$0
<u>Revenue Gain</u> – DOR (§67.578) Henry County Museum District Sales Tax 1% collection fee, if approved by voters p.4	\$0	\$0 or \$4,609	\$0 or \$7,052
<u>Revenue Gain</u> – DOR (§67.599) Bollinger County Facilities Sales Tax - 1% collection fee, if approved by voters p.5	\$0	\$0 or \$4,683	\$0 or \$7,166
<u>Revenue Gain</u> – DOR (§94.833.4(3)(d)) Potential income from 1% collection fee p.9	\$0 or Up to \$8,851	\$0 or Up to \$53,108	\$0 or Up to \$53,108
<u>Revenue Gain</u> – DOR (§94.900) City of Northwoods public safety sales tax 1% Collection Fee, if approved by voters p.10	\$0 or \$186	\$0 or \$1,138	\$0 or \$1,160
<u>Revenue Gain</u> – DOR (§94.900) City of Frontenac public safety sales tax 1% Collection Fee, if approved by voters p.10	\$0 or \$2,428	\$0 or \$14,856	\$0 or \$15,153
<u>Revenue Gain</u> – DOR (§94.900) City of Lexington public safety sales tax 1% Collection Fee, if approved by voters p.13	\$0 or \$336	\$0 or \$2,054	\$0 or \$2,095
<u>Revenue Gain</u> – DOR (§94.900) City of Richmond public safety sales tax 1% Collection Fee, if approved by voters p.14	<u>\$0 or \$1,182</u>	<u>\$0 or \$7,231</u>	<u>\$0 or \$7,375</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (partial year)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Could exceed \$147,704)	\$0 or \$87,679	\$0 or \$93,109

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (partial year)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain</u> – Henry County (§67.578) Museum District Sales Tax 1% collection fee, if approved by voters p.4	\$0	\$0 or \$456,328	\$0 or \$698,182
<u>Revenue Gain</u> – Bollinger County (§67.599) County facilities sales tax, if approved by voters p. 5	\$0	\$0 or \$463,663	\$0 or \$709,405
<u>Revenue Gain</u> – City of Joplin (§67.100) Transient guest tax, if approved by voters	\$0	\$0 or Up to \$648,437	\$0 or Up to \$648,437
<u>Revenue Gain</u> – City of Harrisonville (§67.1013) Transient guest tax, if approved by voters p.6	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – Shannon County (§67.1190) Surcharge tax for certain watercraft rentals & transient guest accommodations, if approved by voters p.6	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – City of Lexington (§67.1360) Transient guest tax, if approved by voters p.7	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – City of Richmond (§67.1360) Transient guest tax, if approved by voters p.7	\$0	\$0 or Unknown	\$0 or Unknown

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (partial year)	FY 2028	FY 2029
<u>Revenue Gain</u> – Washington County (\$67.1367) Transient guest tax, if approved by voters p.7	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – City of Knob Noster (\$94.451) Transient guest tax, if approved by voters p.7	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – City of University City (\$94.456) Transient guest tax, if approved by voters p.8	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – City of Oakville (\$94.456) Transient guest tax, if approved by voters p.8	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – City of Wildwood (\$94.456) Transient guest tax, if approved by voters p.8	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – City of Park Hills (\$94.456) Transient guest tax, if approved by voters p.8	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – 3 rd Class Cities (\$94.833.4(2)(b)) Transient guest tax 1% fee/penalty not to exceed 2%, if approved by voters p.4	\$0 or More or less than \$8,851	\$0 or More or less than \$53,108	\$0 or More or less than \$53,108
<u>Revenue Gain</u> – 3 rd Class Cities (\$94.833.2) Transient guest tax, if approved by voters p.4	\$0 or Up to \$885,130	\$0 or Up to \$5,310,781	\$0 or Up to \$5,310,781
<u>Revenue Gain</u> – City of Northwoods (\$94.900) Public safety sales tax, if approved by voters p.10	\$0 or \$18,402	\$0 or \$112,623	\$0 or \$114,875
<u>Revenue Gain</u> – City of Frontenac (\$94.900) Public safety sales tax, if approved by voters p.11	\$0 or \$240,323	\$0 or \$1,470,774	\$0 or \$1,500,190

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (partial year)	FY 2028	FY 2029
<u>Revenue Gain – City of Lexington</u> (\$94,900) Public safety sales tax, if approved by voters p.13	\$0 or \$33,230	\$0 or \$203,366	\$0 or \$207,433
<u>Revenue Gain – City of Richmond</u> (\$94,900) Public safety sales tax, if approved by voters p.14	\$0 or \$116,969	\$0 or \$715,850	\$0 or \$730,167
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or \$1,302,905	\$0 or \$9,434,930	\$0 or \$9,972,578

FISCAL IMPACT – Small Business

Certain small businesses in various counties/cities would need to collect the increased/new taxes implemented by this proposal (pending voter approval).

FISCAL DESCRIPTION

The proposed legislation authorizes certain political subdivisions to levy local taxes, upon voter approval.

This proposal contains an emergency clause.

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 and Planning
 Office of the Secretary of State

L.R. No. 4116H.05C
Bill No. HCS for HB 2431
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April 20, 2026

Joint Committee on Administrative Rules
Missouri Senate
Oversight Division



Julie Morff
Director
April 20, 2026



Jessica Harris
Assistant Director
April 20, 2026