

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4855S.03C
 Bill No.: SCS for HB 1867
 Subject: Cities, Towns, and Villages; Taxation and Revenue - General
 Type: Original
 Date: May 5, 2026

Bill Summary: This proposal modifies provisions relating to local tourism.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0 or (Up to \$500,000)	\$0 or (Up to \$495,391)	\$0 or (Up to \$492,948)
Total Estimated Net Effect on General Revenue	\$0 or (Up to \$500,000)	\$0 or (Up to \$495,391)	\$0 or (Up to \$492,948)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Veterans Commission Capital Improvement Trust Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers-in from GR less cost net to zero.

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 More or less than \$885,130	\$0 or More or less than \$6,415,546	\$0 or More or less than \$6,657,400

FISCAL ANALYSIS

ASSUMPTION

§42.300 - Veterans Commission Service Recognition Updates

Officials from the **Missouri Veterans Commission (MVC)** assume a cost of \$500,000 to the Commission intended to provide funding to the National Vietnam Veterans Memorial in Perryville. While that is a fantastic memorial, it would be another expense that MVC doesn't have funds for. It would also open the door for every city/county to do the same for their community Veterans parks etc.

This would be a \$500K additional cost to the Veterans Commission Capital Improvement Trust Fund (VCCITF) that is already suffering due to decreased funding from gaming. MVC believes this would potentially be an annual hit to the fund as it is for construction, maintenance and repair.

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 for this agency.

Oversight notes the population requirements in §42.300.1(8) pertain to Perry and Vernon Counties. Oversight notes the funds are to be used for the restoration, renovation, and maintenance of a memorial or museum or both dedicated to Missouri and United States veterans and their service. Oversight assumes funds would be appropriated up to \$500,000 for this and will therefore reflect an appropriation from General Revenue into the VCCITF of zero up to \$500,000 for this proposal.

In response to similar legislation, HB 1482 (2025), officials from **Office of Administration - Budget and Planning (B&P)** stated that there is a \$3.5M Budget Stabilization Fund appropriation in the FY 25 ARPA budget (HB 20.997) that dedicates funding for this purpose through the Missouri National Guard.

B&P further noted that this proposal would allow the Veterans Commission Capital Improvement Trust Fund to be used for a veteran's memorial in Perry County. This will impose costs up to \$500,000 subject to appropriation. This will not impact Total State Revenue.

Oversight notes that the \$3.5M Budget Stabilization Fund appropriation is still included in the FY27 ARPA budget (HB 20.997) dedicating the funding through the Missouri National Guard.

In response to similar legislation, HB 1828 (2026), officials from the **Missouri National Guard (MONG)** stated that there is no fiscal impact. Last year there was money put into the FY2026 budget, in the HB20 ARPA bill, for the MONG to pass through. Section 20.997 provides \$3,500,000 for the Veteran's Memorial in Perry County, provided a 50/50 state/local match

basis. MONG has been in contact with Perry County and executed a Memorandum of Agreement in December of 2025 for the proper transfer of funds. They have not requested any funds as of this date.

§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 is 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 \$1,887 per system change (\$7,547) for each county that passes it.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs regarding updates to systems, maps and website changes related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

§67.1000 – Transient Guest Tax for the City of Joplin

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

Officials from the **Department of Revenue (DOR)** state this provision will not fiscally impact the DOR.

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.

§94.815 - Use of Certain Tourism Tax Revenues

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 (DOR)** assume this provision expands the uses of tourism tax trust fund revenue. This would only impact local political subdivisions that have this funding. This will not fiscally impact DOR.

Oversight notes this proposal 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.

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

Officials from the **Department of Revenue (DOR)** assume 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, HCS for HB 2431 (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.

For purposes of this fiscal note, **Oversight** assumes cities will opt to collect the transient guest tax rather than DOR.

§311.083 – Entertainment Districts

Officials from the **Department of Public Safety - Division of Alcohol and Tobacco Control (ATC)** assume this proposal creates a new entertainment district special license with a license fee of \$300 per year. It is estimated that there could be four entertainment district licenses for a total of \$1,200. Per §311.730, 30% of license fees shall be deposited to general revenue and 70% shall be deposited to the ATC fund, or \$360 to general revenue and \$840 to the ATC fund.

Officials from the **Department of Revenue (DOR)** 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 for this agency.

Oversight notes §311.083.1(2)(b) states the entertainment district shall contain “a combination of entertainment venues, bars, nightclubs, restaurants, and other licensed establishments and common areas...”. The addition of “...and other licensed establishments and common areas...” is not used in existing versions of entertainment districts license statutes, 311.086.1(2)(b) and 311.084.1(2)(B), RSMo., and may cause confusion, including whether more than one entertainment district license can be issued within an entertainment district. Therefore, Oversight will reflect a \$0 minimal fiscal impact for this proposal.

Responses regarding the proposed legislation as a whole

Officials from the **Missouri House of Representatives, Joint Committee on Public Employee Retirement, Legislative Research, Oversight Division** and the **Missouri Senate** 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.

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 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Transfer Out</u> – MVC (\$42.300) for the restoration, renovation, and maintenance of a memorial or museum or both dedicated to Missouri and United States veterans and their service p.3	\$0 or (\$500,000)	\$0 or (\$500,000)	\$0 or (\$500,000)
<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
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Up to \$500,000)	\$0 or (Up to \$495,391)	\$0 or (Up to \$492,948)
VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND			
<u>Transfer In</u> - MVC (\$42.300) from General Revenue p.3	\$0 or \$500,000	\$0 or \$500,000	\$0 or \$500,000
<u>Costs</u> - MVC (\$42.300) for the restoration, renovation, and maintenance of a memorial or museum or both dedicated to Missouri and United States veterans and their service p.3	\$0 or (\$500,000)	\$0 or (\$500,000)	\$0 or (\$500,000)
ESTIMATED NET EFFECT ON THE VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND	\$0	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	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> – City of Joplin (\$67.1000) Potential income from transient guest tax, if approved by voters p.5	\$0	\$0 or Up to \$648,437	\$0 or Up to \$648,437
<u>Revenue Gain</u> – 3 rd Class Cities (\$94.833.2) Transient guest tax, if approved by voters p.7	\$0 or Up to \$885,130	\$0 or Up to \$5,310,781	\$0 or Up to \$5,310,781
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or More or less than \$885,130	\$0 or More or less than \$6,415,546	\$0 or More or less than \$6,657,400

FISCAL IMPACT – Small Business

Small businesses who operate hotels or motels within the City of Joplin may be impacted by this proposal.

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

Small businesses within the entertainment district may be impacted by this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to local tourism.

VETERANS MEMORIALS AND MUSEUMS

This act modifies provisions relating to funds for veteran services, including services funded from moneys from the Veterans Commission Capital Improvement Trust Fund and fees deposited in the Missouri Veterans' Health and Care Fund.

This act provides that funds totaling no more than \$500,000 from the Veterans Commission Capital Improvement Trust Fund shall be used for the restoration, renovation, and maintenance of a memorial or museum dedicated to Missouri and United States veterans in Perry County.

Additionally, funds allocated in the Missouri Veterans' Health and Care Fund as administrative and processing fees for duties related to medical cannabis by the Department of Health and Senior Services may be appropriated for services, programs, or projects dedicated to addressing the mental health needs of veterans. (Section 42.300)

COUNTY MUSEUMS

Current law authorizes certain counties to impose a sales tax not to exceed 0.2% for the funding of museums. This act adds Henry County to the list of counties authorized to impose such sales tax. (Section 67.578)

TRANSIENT GUEST TAXES

Current law authorizes certain cities and counties to impose a transient guest tax at a rate not to exceed 5%. This act authorizes the city of Joplin to increase such rate to 6% if approved by the voters. The revenue derived from the additional one percent rate authorized by the act shall be used by the city solely to provide moneys for the construction and maintenance of new capital projects to promote tourism in the city. (Section 67.1000)

This act authorizes any third class city with a city manager form of government to impose a transient guest tax at a rate not to exceed 5%. If the city elects to collect the tax rather than enter into an agreement for the Department of Revenue to collect the tax, then the city shall only use such tax revenues for the promotion of tourism. After the payment of initial bonds, the governing body of the city may submit the question of repealing the transient guest tax to the voters. (Section 94.833)

TOURISM TAXES

Current law authorizes the city of Branson to impose certain tourism taxes, with the revenue used for infrastructure improvements and tourism marketing. This act provides that the revenues used for infrastructure improvements may include constructing and maintaining tourism infrastructure facilities and parks, as well as for acquiring, constructing, and maintaining facilities for promoting tourism.

Tourism infrastructure facilities are defined as structures, fixtures, systems, and facilities of multipurpose sports and entertainment venues with seating capacity of less than 25,000, as described in the act.

Any municipality imposing a tourism tax as of August 28, 2026, that did not receive approval from the voters for the use of tax revenues for the construction and maintenance of tourism infrastructure facilities, or for the purpose of acquiring, constructing, and maintaining structures, trails, and any other facilities for the purpose of promoting tourism, shall submit to the voters of

the municipality a proposal to expend currently authorized tax revenues for such purposes.
(Section 94.815)

ENTERTAINMENT DISTRICTS

This act authorizes the cities of Osage Beach and Chesterfield to establish an entertainment district in which licensed establishments may sell intoxicating liquor by the drink for consumption within the entertainment district during certain hours as provided in the act. Establishments shall apply for an entertainment district special license and shall pay an annual license fee of \$300.

A holder of an entertainment district special license shall be solely responsible for alcohol violations occurring at its establishment and in any common areas. (Section 311.083)

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

Missouri Veterans Commission
Department of Revenue
Office of Administration - Budget and Planning
Department of Public Safety - Division of Alcohol and Tobacco Control
Missouri House of Representatives
Joint Committee on Public Employee Retirement
Legislative Research
Oversight Division
Missouri Senate
Joint Committee on Administrative Rules
Office of the Secretary of State



Julie Morff
Director
May 5, 2026



Jessica Harris
Assistant Director
May 5, 2026