

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 5061-01
Bill No.: HB 1747
Subject: Taxation and Revenue: Cities, Towns and Villages
Type: Original
Date: May 5, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue** assume no fiscal impact.

Oversight assume this proposal is permissive and before local government would realize fiscal impact, the governing body of Hermann.

Officials of the City of **Hermann** estimated revenues from a five percent (5%) transient lodging tax based on taxable revenues from sales taxes on lodging for 2003 and multiplying taxable sales by 5% (the assumed tax rate). They assumed that the tax would take effect at the beginning of 2005. They assumed 1% increases in receipts for 2004 and 2005, a 3% increase from 2005 to 2006, and a 5% increase from 2006 to 2007.

They assumed that administrative costs would be five percent (5%) of taxes collected and that the balance of monies collected would be used for increasing tourism.

They noted that increased tourism would benefit other local businesses, thus increasing sales and utility tax collections. They did not attempt to quantify these indirect effects.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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**CITY OF HERMANN TOURISM
 TAX FUND**

<u>Income</u> - Tax Collections	\$55,057	\$85,038	\$89,126
<u>Cost</u> - Administration	(\$2,753)	(\$4,252)	(\$4,456)
<u>Cost</u> - Tourism Incentives	(\$52,304)	(\$80,786)	(\$84,670)

ESTIMATED NET EFFECT TO CITY OF HERMANN TOURISM TAX FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

If the City of Hermann were to receive voter approval to impose a transient guest tax, small businesses located in Hermann that provide sleeping space for transients would collect and remit the transient guest tax.

DESCRIPTION

This act would allow the City of Hermann to enact a transient guest tax. The tax would be subject to the standard transient guest tax statute, including the requirement of voter approval.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not directly affect Total State Revenue.

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SOURCES OF INFORMATION

City of Hermann
Department of Revenue



Mickey Wilson, CPA
Director
May 5, 2004