

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0781-05
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB 161
Subject: Cities, Towns and Villages; Counties; Motels and Hotels; Taxation and Revenue
Type: Original
Date: May 26, 2011

Bill Summary: This proposal modifies provisions of law regarding certain taxes imposed by local governments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 67.1000, 67.1002, 67.1003

Oversight assumes this proposal allows certain cities and counties to impose a transient guest tax of up to five percent for the promotion of tourism and for the funding of a convention and visitors bureau. This proposal would also allow the City of St. Peters to adopt a transient guest tax of up to two percent for the promotion of tourism. **Oversight** assumes the tax could not be implemented without voter approval and therefore, this proposal, would be permissive and would have no state or local fiscal impact.

Oversight assumes this proposal will prohibit certain cities and counties from stacking the transient guest taxes that are adopted for the promotion of tourism and for funding a convention and visitors bureau. Oversight assumes the cities and counties that have adopted transient guest taxes prior to August 28, 2011, will not be affected by the proposal. Therefore, Oversight will reflect a zero cost to state and local governments.

Section 67.1006

In response to a prior version of the bill (0781-01), officials from the **County of Pettis** assumed the proposal would have a positive financial impact to the county.

Oversight assumes this proposal changes the guest tax from \$2 per room per night to up to 5% that any county imposing a tax under this section may charge a guest of hotels and motels and other businesses that offer sleeping rooms. Oversight assumes the tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.

Section 67.1303

Oversight assumes this proposal would allow local economic development sales tax revenues to also be used for the construction of job training and educational facilities. **Oversight** assumes this proposal is permissive in nature. Therefore, Oversight will not reflect a direct fiscal impact as a result of this proposal.

ASSUMPTION (continued)

Section 67.1956

Officials from the **County of Platte** and the **City of Riverside** did not respond to Oversight's request for fiscal impact.

Oversight assumes this proposal removes certain requirements for qualifications for members of tourism community enhancements districts. Oversight assumes this proposal adds no new expenditure of funds or adds no new duties; therefore, Oversight assumes there would be no state or local fiscal impact.

Section 94.900

Officials from the **City of St. Joseph** did not respond to **Oversight's** request for fiscal impact.

Oversight assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of a sales tax. Should the voters approve the imposition of a sales tax, the city could expect revenue to be generated and there would be costs for improving the public safety of the city. Oversight assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

Oversight assumes the "City Public Safety Sales Tax Trust Fund" balance would be either a positive unknown or zero.

Oversight has no way to determine if the city would receive voter approval to impose a public safety sales tax; therefore, for the purposes of this fiscal note fiscal impact will be shown as zero.

Sections 181.060, 182.802

In response to a similar proposal from this session (1281-01, HB 416), officials from the **County of Ripley** stated the cost of holding a special election would be approximately \$15,000 to \$20,000. The cost to share in a general municipal election would be approximately \$7,500 to \$10,000.

Officials from the following counties did not respond to **Oversight's** request for fiscal impact: Butler, Wayne, Stoddard, New Madrid, Dunklin and Pemiscot.

ASSUMPTION (continued)

Officials from the **Department of Revenue** (DOR) stated the department's response to a proposal similar to or identical to this one in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,441.

DOR officials state the value of the level of effort is calculated by taking 1 FTE for 1 month (168 hours) at \$4,441 to make adjustments to the Missouri sales tax processing system (MITS).

Oversight assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of normal activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

Oversight assumes state appropriations to public library districts will not be affected by a voluntary reduction in property tax levies resulting from the enactment of a library district sales tax if the sales tax revenue equals or exceeds the reduction in property tax revenue. The sales tax could not be implemented without voter approval. Therefore, Oversight assumes this proposal to be permissive and would have no state or local fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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
County of Pettis
County of Ripley

NOT RESPONDING

Counties of: Andrew, Barry, Bates, Boone, Buchanan, Butler, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Dunklin, Franklin, Greene, Hickory, Holt, Jackson, Jasper, Jefferson, Johnson, Knox, Laclede, Lafayette, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Pemiscot, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Stoddard, Taney, Texas, Warren, Wayne, Webster

Cities of: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Kirksville, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Linn, Louisiana, Maryland Heights, Maryville, Mexico, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Riverside, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring, West Plains



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