

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 2524-04
Bill No.: HCS for SCS for SB 758
Subject: Cities: Sleeping Room Tax
Type: Original
Date: April 30, 2004

FISCAL SUMMARY

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

* Expected to be less than \$100,000

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 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	(\$112,500)	(\$112,500)	(\$112,500)

FISCAL ANALYSIS

ASSUMPTION

Section 67.578 - Museum Sales Tax for Andrew County:

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

Oversight assumes the Department of Revenue would retain a 1% collection fee which would be deposited in the State's General Revenue Fund. Oversight does not know if the voters would approve the imposition of a sales tax and at what rate. Therefore, the amount of revenue to be generated is indeterminable. Oversight will show income to the Fund as \$0 to Unknown.

Oversight assumes if the sales tax were approved, the Museum Fund would realize income from a voter approved sales tax, and would have cost associated with the administration, and operation of a museum.

ASSUMPTION (continued)

Section 67.1360 - Guest Tax for Certain Cities and Counties:

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

Officials of the **Department of Economic Development- Division of Tourism** assume no fiscal impact to their department.

The Cities of Sullivan, Fenton, Pacific, Union, St. Clair and De Soto did not respond.

Oversight assumes this proposal is permissive. Before any local fiscal impact would be realized the voters would have to approve the imposition of a sleeping room tax that would have to be at least 2% but not greater than 5% on sleeping rooms per night. Oversight assumes that in those cities that would impose the tax there would be income generated from the tax and there would be costs for the promoting of tourism. Oversight assumes the City would realize some insignificant administrative impact in the collection and accounting for the revenues generated by the tax.

Section 94.270 - Business License Fee:

Officials of the **Department of Revenue** assume no fiscal impact from this Section.

Officials of the **City of Edmundson** stated that subdivision 2 of Section 94.270 would limit income to \$16,662 annually. Officials have estimated that the current license fee would generate \$130,000 in budget years 2004/2005. Officials stated this would cut \$113,300 in revenue.

Officials of the **City of Woodson Terrace** assumes the license fee provided for in this proposal would add an additional \$800 in revenue for the city.

The 1% collection fee on local sales tax would increase total state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2005	FY 2006	FY 2007
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GENERAL REVENUE FUND

<u>Income</u> to Department of Revenue from 1% collection Fee on Sales Tax (Section 67.578)	<u>Unknown*</u>	<u>Unknown*</u>	<u>Unknown*</u>
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*Expected to be less than \$100,000

FISCAL IMPACT - Local Government FY 2005 FY 2006 FY 2007

ANDREW COUNTY (Museum Fund)

<u>Income</u> to Museum Fund from voter approved Sales Tax (Sec. 67.578)	(Unknown)	(Unknown)	(Unknown)
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<u>Cost</u> to Museum Fund from administration of a museum	(Unknown)	(Unknown)	(Unknown)
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Estimated Net Effect to Andrew County Museum Fund **	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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CERTAIN CITIES

<u>Income</u> - to Certain Cities from a 2% to 5% sleeping room tax	Unknown	Unknown	Unknown
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<u>Costs</u> - to Certain Cities from promoting tourism	(Unknown)	(Unknown)	(Unknown)
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ESTIMATED NET EFFECT TO CERTAIN CITIES *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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CERTAIN CITIES (Section 94.270)

<u>Income</u> to City of Woodson Terrace	\$800	\$800	\$800
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<u>Loss of Revenue</u> to City of Edmundson	(\$113,300)	(\$113,300)	(\$113,300)
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<u>Total Estimated Net Effect to Certain Cities</u>	<u>(\$112,500)</u>	<u>(\$112,500)</u>	<u>(\$112,500)</u>
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TOTAL ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>(\$112,500)</u>	<u>(\$112,500)</u>	<u>(\$112,500)</u>
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**** Oversight assumes costs would not be greater than income in a given year resulting in either a positive fund balance, or a zero fund balance. For purposes of this fiscal note, fiscal impact is shown as \$0.**

FISCAL IMPACT - Small Business

Small businesses in the hotel, motel, bed and breakfast, campgrounds, or certain docking facilities business, that are located in any of the cities that would receive voter approval to impose a sleeping room tax, would realize some additional administrative impact from collecting and accounting for the sleeping room tax.

DESCRIPTION

This act authorizes the governing bodies of the cities of Clinton, Pacific, Riverside, Sullivan, and Union to submit a transient guest tax proposal to a vote of the people of such cities. The tax proposal shall be for at least two percent but not more than five percent.

The act authorizes Andrew County, upon voter approval, to impose a sales tax not to exceed one-fifth of 1% on retail sales within the county to be used solely for museums.

The act prohibits the City of Edmundson from levying and collecting a license tax on hotels and motels in an amount in excess \$21.50 per room per year and the City of Woodson Terrace an amount in excess of \$11 per room per year.

The act repeals Shannon County's authorization to impose a tourist attraction ticket surcharge or transient guest tax.

The act 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.

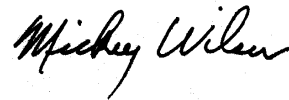
SOURCES OF INFORMATION

Department of Economic Development- Tourism
Department of Revenue

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NOT RESPONDING

The Cities of : De Soto, Fenton, Pacific, Union, St. Clair, and Sullivan

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 30, 2004