

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 2524-05
Bill No.: Truly Agreed to and Finally Passed CCS for HCS for SCS for SB 758
Subject: Cities: Sleeping Room Tax
Type: Original
Date: June 2, 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 7 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	(\$248,276)	(\$248,276)	(\$248,276)

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.

Oversight estimates, based on estimates provided by officials of the **City of Edmundson** in response to HCS SCS SB 758 (fiscal note 2524-04), that subdivision 2 of Section 94.270 would limit income to \$20,924 annually. Officials estimated that the current license fee would generate \$130,000 in budget years 2004/2005. This would reduce revenue by \$109,076.

Oversight estimates, based on estimates provided by officials of the **City of Woodson Terrace** in response to HCS SCS SB 758 (fiscal note 2524-04), the maximum license fee provided for in this proposal would add an additional \$2,800 in revenue for the city. However, the fee of \$.85 per day of rental passed by the city government in April would have provided an additional \$142,000 per year. Since this proposal would supercede city ordinance, the effect of this proposal would be a \$139,200 reduction in revenues.

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

<u>FISCAL IMPACT - Local Government</u>	FY 2005	FY 2006	FY 2007
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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>Loss of Revenue</u> to City of Woodson Terrace	(\$139,200)	(\$139,200)	(\$139,200)
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<u>Loss of Revenue</u> to City of Edmundson	<u>(\$109,076)</u>	<u>(\$109,176)</u>	<u>(\$109,176)</u>
<u>Total Estimated Net Effect to Certain Cities</u>	<u>(\$248,276)</u>	<u>(\$248,276)</u>	<u>(\$248,276)</u>
TOTAL ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>(\$248,276)</u>	<u>(\$248,276)</u>	<u>(\$248,276)</u>

**** 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 \$27 per room per year and the City of Woodson Terrace an amount in excess of \$13.50 per room per year.

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

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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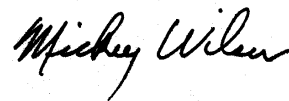
June 2, 2004

SOURCES OF INFORMATION

Department of Economic Development- Tourism
Department of Revenue

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

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