

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 4789-04  
Bill No.: HCS for SB 1391  
Subject: Taxation and Revenue – Sales and Use; Taxation and Revenue – General;  
Tourism; Cities, Towns, and Villages  
Type: Original  
Date: May 3, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$0 to less than (\$230,330)	\$0 to less than (\$136,835)	\$0 to less than (\$140,303)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 to less than (\$230,330)</b>	<b>\$0 to less than (\$136,835)</b>	<b>\$0 to less than (\$140,303)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Oversight assumes annual cost would not exceed annual income resulting in either a \$0 or a positive annual fund balance. For purposes of this fiscal note, Oversight assumes zero fiscal impact.**

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue (DOR) – Division of Taxation** assume that the language in Section 94.838 states that it will administer the transient guest tax for the Village of Lamar Heights. DOR officials stated that their agency is currently not set up to handle such taxes, and this proposal will require 2,768 hours of programming to establish a system that can handle such new taxes.

DOR officials further stated that to administer the new tax, three Tax Processing Technician I FTE and one Office Support Assistant FTE would be required, with the corresponding fringe benefits and office equipment. **Oversight** assumes a very light volume of processing and administration to be required by this tax, thus fewer personnel may be required to administer it.

**Oversight** further assumes the tax provisions outlined in Section 94.838 would not be effective unless enacted the governing body of the Village of Lamar Heights and approved in an election by the voters of the municipality. Therefore, the fiscal impact of this legislation would range from \$0 if not approved by the municipality and its voters up to the assumptions made by DOR. Oversight further assumes that DOR would collect an administrative fee from the Village of

ASSUMPTION (continued)

Lamar Heights to administer the tax if it was approved, but that such fee income would not exceed costs.

Officials of the **Department of Economic Development – Division of Tourism** assume no fiscal impact.

In response to a similar proposal, officials of the **City of Marston** assumed the guest tax would generate an unknown amount of revenue, if passed by the voters. Officials assume revenue could only be spent on the promotion of tourism.

Officials from the **Cities of Matthews and Steele** did not respond to our fiscal note request. Oversight was not able to contact officials from the **Village of Lamar Heights**.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE FUND</b>			
<u>Income</u> – Department of Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> – Department of Revenue			
Salaries and Fringe Benefits	\$0 to (\$103,556)	\$0 to (\$127,375)	\$0 to (\$130,559)
Systems Programming	\$0 to (\$92,340)	\$0	\$0
Equipment and Office Expense	<u>\$0 to (\$34,434)</u>	<u>\$0 to (\$9,460)</u>	<u>\$0 to (\$9,744)</u>
<u>Total Cost – DOR</u>	\$0 to (\$230,330)	\$0 to (\$136,835)	\$0 to (\$140,303)
NET ESTIMATED EFFECT ON GENERAL REVENUE FUND	<u><b>\$0 to less than</b></u> <u><b>(\$230,330)</b></u>	<u><b>\$0 to less than</b></u> <u><b>(\$136,835)</b></u>	<u><b>\$0 to less than</b></u> <u><b>(\$140,303)</b></u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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**CITIES OF MARSTON, MATTHEWS  
& STEELE, AND VILLAGE OF  
LAMAR HEIGHTS**

<u>Income</u> – Tax Revenues	Unknown	Unknown	Unknown
<u>Cost</u> – Promotion of tourism, infrastructure improvements, and administration of tax collections	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENT*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**\*Oversight assumes annual cost would not exceed annual income resulting in either a \$0 or a positive annual fund balance. For purposes of this fiscal note, Oversight assumes zero fiscal impact.**

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal allows the cities of Marston, Steele and Matthews to impose, upon voter approval, a room tax of not more than 5% per night. This tax will be in addition to any other tax authorized by law and will be used for tourism purposes and infrastructure improvements.

This proposal further allows the Village of Lamar Heights to impose, upon voter approval, a room tax of not more than 6% per night and sales tax on retail food purchases of not more than 1%. The proceeds from such taxes are to be used for capital improvements.

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

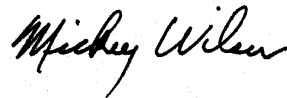
SOURCES OF INFORMATION

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Department of Revenue – Taxation  
Department of Economic Development - Tourism  
City of Marston

NOT RESPONDING: Cities of Matthews and Steele  
Village of Lamar Heights

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

Mickey Wilson, CPA  
Director  
May 3, 2004