

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1263-02
Bill No.: HB 608
Subject: Motels and Hotels; Counties; Cities, Towns, and Villages; Political Subdivisions;
 Property, Real and Personal
Type: Original
Date: February 17, 2017

Bill Summary: This proposal changes the laws regarding residential dwelling rentals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue**, the **Department of Natural Resources**, the **Department of Health and Senior Services** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

Officials at **St. Louis County**, the **Callaway County Commission** and the **City of Kansas City** each assume no fiscal impact to their respective entities from this proposal.

Officials at Camden County responded, but did not provide **Oversight** with a direct fiscal impact.

Oversight assumes local political subdivisions could enact or enforce an ordinance or law that imposes reasonable regulation on residential dwelling rentals such as local taxes, inspection fees, etc. As a result, local political subdivisions could generate additional revenues. Therefore, Oversight will reflect \$0 (no additional fees or taxes) to unknown additional revenues for local political subdivisions for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
------------------------------------------------	---------------------	---------	---------

LOCAL POLITICAL SUBDIVISIONS

<u>Revenues - Local Political Subdivisions - additional revenues generated from enactment/enforcement of new fees/taxes on residential dwelling rentals</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------	------------------------------	------------------------------

ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
-------------------------------------------------------------	------------------------------	------------------------------	------------------------------

FISCAL IMPACT - Small Business

There could be a direct fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

This bill prohibits political subdivisions from enacting or enforcing ordinances that prohibit or unreasonably restrict residential dwelling rentals, or regulate the rentals based solely on their use as a residential dwelling rental. Ordinances in effect prior to January 1, 2018, may be enforced. Definitions for "residential dwelling" and "residential dwelling rental" are provided in the bill.

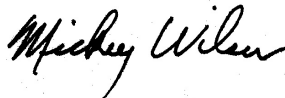
The bill specifies certain areas regarding residential dwelling rentals that may be regulated. Guests of residential dwelling rentals must pay all applicable taxes imposed by the state or a local taxing entity. An owner or a facilitation platform, which is defined by the bill, must collect and remit any taxes a transient guest is required to pay. Intermediaries that facilitate rentals of residential dwellings that do not meet the definition of a facilitation platform must retain records of rentals and notify transient guests that they are obligated to pay certain taxes.

Under the bill, residential dwelling rentals are excluded from the definitions of "time share unit" and "lodging establishment" for purposes of certain laws regulating hotels, motels, and other similar lodging establishments.

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 Health and Senior Services
Department of Natural Resources
State Tax Commission
Department of Revenue
St. Louis County
Callaway County Commission
City of Kansas City



L.R. No. 1263-02
Bill No. HB 608
Page 5 of 5
February 17, 2017

Mickey Wilson, CPA
Director
February 17, 2017

Ross Strobe
Assistant Director
February 17, 2017