

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1263-06  
Bill No.: Perfected HCS for HB 608  
Subject: Motels and Hotels; Counties; Cities, Towns, and Villages; Political Subdivisions;  
 Property, Real and Personal  
Type: Original  
Date: April 21, 2017

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

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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 7 pages.

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

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

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§67.5110, 92.325, 92.327, 94.802, 315.005

Officials at the **City of Kansas City** assume the imposition of the transient guest tax in §67.5110 of this legislation could have a positive fiscal impact on the City of Kansas City.

Officials at the **Department of Public Safety's Office of the Director** assume no fiscal impact from this proposal.

Officials at **St. Louis County** assume no fiscal impact from this proposal.

In response to a previous version, officials at the **Callaway County Commission** assumed no fiscal impact 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) or unknown additional revenues for local political subdivisions for this proposal.

#### House Amendments #1, 3, 4 - §§67.5110, 92.325, 92.327, 94.802, 315.005

Officials at the **City of Kansas City** assume no fiscal impact from this proposal.

**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) or unknown additional revenues for local political subdivisions for this proposal.

#### House Amendment #5 - §§67.5055, 67.5056, 441.007

#### §§67.5055, 67.5056

In response to similar legislation from this year, HCS for HB 1189, officials at the **City of Independence** assumed a loss in revenues of \$138,000.

ASSUMPTION (continued)

Officials at the **Department of Economic Development** assume no fiscal impact from this proposal.

In response to similar legislation from this year, HCS for HB 1189, officials at the **City of Kansas City, St. Louis County** and the **Callaway County Commission** each assumed no fiscal impact to their respective entities from this proposal.

**Oversight** assumes there could be other cities and counties who charge a fee on interior inspections of private residences through their local ordinances. However, Oversight is unclear on the number of cities and counties in the state who charge this fee. Therefore, Oversight will assume a loss in revenues of greater than \$100,000 for this proposal.

§441.007

In response to similar legislation from this year, HB 33, officials at the **Callaway County Commission** assumed an unknown impact from this proposal.

In response to similar legislation from this year, HB 33, officials at the **City of Kansas City** assumed a loss in revenue because of a possible new tax exemption. Based on the impact to all leased property, the loss is approximately \$725,000 per year.

In response to similar legislation from this year, HB 33, officials at the **Office of Administration's Division of Budget and Planning** and the **Office of the Secretary of State** each assume no fiscal impact to their respective agencies from this proposal.

In response to similar legislation from this year, HB 33, officials at the **Jackson County Board of Election Commission** assume no fiscal impact from this proposal.

House Amendment #6 - §§67.5110, 92.325, 92.327, 94.802, 315.005

**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) or unknown additional revenues for local political subdivisions for this proposal.

Bill as a whole

Officials at the **Department of Public Safety's Missouri Highway Patrol, the Department of Health and Senior Services, the Department of Natural Resources, the Office of Administration's Facilities Management, Design and Construction, the Department of Revenue, the Joint Committee on Administrative Rules** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from 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
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**LOCAL POLITICAL SUBDIVISIONS**

Revenues - Local Political Subdivisions - additional revenues generated from enactment/enforcement of new fees/taxes on residential dwelling rentals (§§67.5110, 92.325, 92.327, 94.802, 315.005)

\$0 or Unknown    \$0 or Unknown    \$0 or Unknown

Loss - Local Political Subdivisions - loss of fees for inspections from local ordinances (§§67.5055, 67.5056)

(Greater than \$100,000)    (Greater than \$100,000)    (Greater than \$100,000)

Loss - Local Political Subdivisions - loss from new tax exemption on rental or leased real property (§441.007)

(Unknown, greater than \$725,000)    (Unknown greater than \$725,000)    (Unknown, greater than \$725,000)

**ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS**

**Unknown to (Unknown)**    **Unknown to (Unknown)**    **Unknown to (Unknown)**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§§67.5110, 92.325, 92.327, 94.802, 315.005

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 April 1, 2018, may be enforced. Definitions for "residential dwelling" and "residential dwelling rental" are provided in the bill.

FISCAL DESCRIPTION (continued)

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.

House Amendment #5 - §§67.5055, 67.5056, 441.007

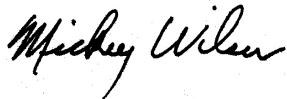
Sections 67.5055 and 67.5056 of this amendment prohibits a city or county from adopting or enforcing a residential property licensing ordinance that includes a requirement for periodic interior inspections of privately-owned residential property for city or county code violations. An occupant of privately-owned residential housing may request a city or county inspection at any time to determine code violations.

Section 441.007 of this amendment specifies that no person or entity who offers to rent or lease, rents, or leases real property can be required to obtain a business license by any political subdivision of the state for the sole reason that the person or entity offers to rent or lease, rents, or leases real property.

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

Office of Administration  
    Facilities Management, Design and Construction  
    Division of Budget and Planning  
Department of Health and Senior Services  
Department of Natural Resources  
Department of Public Safety  
    Office of the Director  
    Missouri Highway Patrol  
State Tax Commission  
Department of Revenue  
Department of Economic Development  
Joint Committee on Administrative Rules  
Office of the Secretary of State  
St. Louis County  
Callaway County Commission  
City of Kansas City  
City of Independence  
Jackson County Board of Election Commission



Mickey Wilson, CPA  
Director  
April 21, 2017

Ross Strope  
Assistant Director  
April 21, 2017