

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2220-01  
Bill No.: HB 1093  
Subject: Taxation and Revenue - Sales and Use; Motels and Hotels; Tourism; Taxation and Revenue - General; Political Subdivisions  
Type: Original  
Date: March 14, 2017

Bill Summary: This proposal would authorize a transient guest sales tax in certain cities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</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 5 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>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated this proposal would affect the cities of Higginsville, Lexington, and Odessa in Lafayette County. BAP officials noted the proposed tax would not affect Total State Revenues or the required constitutional revenue limit calculation because a vote of the people is required to impose the tax.

BAP officials also noted this proposal does not address a Department of Revenue (DOR) collection fee; typically, DOR retains 1% of the tax for collection costs. If DOR were to do this, the fees collected would affect Total State Revenues but not the required constitutional revenue limit calculation.

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, and the **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

Officials from the **City of Lexington** stated the city had one operational hotel with another in renovation.

Officials from **Lafayette County** did not respond to our request for information.

**Oversight** was able to determine that all three of the cities which would be authorized to impose a transient guest sales tax in this proposal have at least one hotel; if one or more of those cities would elect to submit a proposed tax to its voters and voter approval was received, the tax could be imposed at a two to five percent rate. If the tax was approved and the city chose to do so, the tax could be collected and distributed by the Department of Revenue.

Oversight has no information as to the cost or timing of an election for the imposition of a sales tax and will indicate a cost of \$0 (no election held) or Unknown cost (one or more elections held) in FY 2018.

Oversight will also indicate additional revenue for local governments of \$0 (no sales tax imposed) or Unknown additional revenue (one or more sales taxes imposed) and \$0 (no sales tax imposed or not collected by the Department of Revenue) or Unknown additional revenue to the state General Revenue Fund for Department of Revenue collection charges.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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**GENERAL REVENUE FUND**

<u>Additional revenue - DOR</u> Collection charges on transient guest tax collections	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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**LOCAL GOVERNMENTS**

<u>Additional revenue - Transient guest tax</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Cost - Election</u>	\$0 or (Unknown)	\$0	\$0
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0 or Unknown to (Unknown)</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
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FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses involved in the hospitality industry.

FISCAL DESCRIPTION

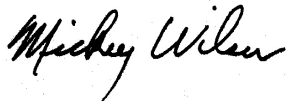
This proposal would authorize a transient guest sales tax in certain cities.

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 the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue  
City of Lexington

**Not responding**  
Lafayette County



Mickey Wilson, CPA  
Director  
March 14, 2017

Ross Strobe  
Assistant Director  
March 14, 2017