

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0281H.02I
Bill No.: HB 28
Subject: Taxation and Revenue - Sales and Use; Motels and Hotels; Political Subdivisions;
Revenue, Department of; Tourism
Type: Original
Date: February 9, 2021

Bill Summary: This proposal would authorize a transient guest tax in the City of Ashland,
upon voter approval.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Budget & Planning Division** deferred to Ashland to estimate the fiscal impact.

Officials from the **Missouri Department of Revenue (DOR)** state this proposed legislation would allow the City of Ashland to vote to establish a transient guest tax. This does not have an impact on DOR as transient guest taxes are collected by the local political subdivision(s) and not DOR.

Officials from the **City of Ashland (Ashland)** state Ashland is working with a developer on a four hundred (400) acre parcel at Highway H and U.S. 63 (Columbia Regional Airport Exit) for the possible development of a multi-purpose sports/entertainment/restaurant/lodging complex.

It is estimated approximately fifty thousand (50,000) visitors will visit the facility for each sport. Ashland states there would be multiple sports that could occur at the development including soccer, baseball, softball, basketball, etc.

It is estimated, once the development is complete (retail, hotel, restaurants, gas station, etc.), that three million (3,000,000) visitors will visit the facility each year.

Ashland states, in addition to the development mentioned above, there are other opportunities for hotel development. Ashland estimates there are fourteen (14) commercial lots ready and available for development.

Ashland assumes, when using a sixty-three percent (63%) occupancy rate, Ashland could recognize an increase in revenue of approximately \$137,510 for each lodging facility. The calculation used by Ashland to estimate the revenue increase is shown below:

$$115 \text{ rooms} * 365 \text{ days} * \$130/\text{night} * 4\% * 63\% = \$137,510$$

Oversight notes, while Ashland does not currently have any hotels/motels located within Ashland, Ashland is working with developers to attract hotel development to help boost overnight stays in the community.

Oversight notes this proposed legislation would allow the governing body of Ashland to impose a tax on the charges for all sleeping rooms paid by transient guests of hotels and motels situated in Ashland or a portion thereof. This proposed legislation states the tax shall not exceed five percent (5%) per occupied room per night.

Oversight notes the transient guest tax proposed shall not become effective unless the governing body of Ashland submits to its respective voters a proposal to authorize the City of Ashland to impose a transient guest tax and such voters of approve the tax.

The revenue generated as a result of the transient guest tax(es) collected in Ashland are to be used by Ashland for the promotion of tourism, growth of the region, economic development and public safety purposes.

For the purposes of this fiscal note, **Oversight** will report a zero (\$0) fiscal impact to the State of Missouri as DOR does not collect transient guest and a zero (\$0) fiscal impact to Local Political Subdivisions (Ashland) as Ashland does not currently have any hotels/motels operating within the boundaries of Ashland and Oversight assumes the vote of the tax, the development of the complex (including the hotel(s), and hosting of guests to pay the tax would be outside the time scope of the fiscal note.

Oversight notes if hotel/motel development takes place within the boundaries of Ashland, in which such hotel(s)/motel(s)/ become fully operational, Ashland could recognize revenue gain as a result of this proposed legislation being enacted.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT –</u> <u>Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

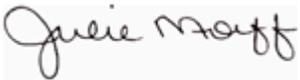
The proposed legislation appears to have no direct fiscal impact.

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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SOURCES OF INFORMATION

Office of Administration – Budget & Planning Division
Missouri Department of Revenue
City of Ashland



Julie Morff
Director
February 9, 2021



Ross Strobe
Assistant Director
February 9, 2021