

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1307H.011
Bill No.: HB 452
Subject: Taxation and Revenue - General; Political Subdivisions; Cities, Towns, and Villages; Tourism; Motels and Hotels
Type: Original
Date: February 23, 2021

Bill Summary: Authorizes the City of Cameron to impose a transient guest tax whose revenues are dedicated to promoting tourism.

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 or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
City of Cameron	\$0	\$0 up to \$91,980	\$0 up to \$183,960
Local Government	\$0	\$0 up to \$91,980	\$0 up to \$183,960

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Budget & Planning Division** defers to the City of Cameron for the fiscal impact of this proposed legislation.

Officials from the **Missouri Department of Revenue (DOR)** state this proposed legislation allows the City of Cameron to take to the vote of the people whether to impact a transient guest tax. DOR does not anticipate this proposed legislation will 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 Cameron (Cameron)** state Cameron has approximately 280 hotel/motel rooms with an occupancy rate of approximately 60% with an average room rate of \$60. Thus, Cameron estimates the total amount paid for hotels/motels in Cameron totals \$3,679,200 ($((280 * 60\%) * \$60) * 365$).

Cameron assumes the following fiscal impact beginning in Fiscal Year 2021:

Fiscal Year 2021 - \$70,000 (half year of collection)

Fiscal Year 2022 - \$147,000 (full year of collection)

Oversight assumes the City Cameron has used a transient guest tax rate equal to four percent (4%) when calculating the estimated fiscal impact of this proposed legislation.

Oversight notes this proposed legislation would allow the governing body of the City of Cameron to impose a tax on the charges for all sleeping rooms paid by transient guests of hotels, motels, bed and breakfast inns, campgrounds and any docking facility that rents slips to recreational boats that are used by transients for sleeping. This proposed legislation permits the transient guest tax to be at least two percent (2%) but not more than five percent (5%) per occupied room per night.

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

Oversight notes the revenue generated as a result of the transient guest tax(es) collected by the City of Cameron are to be used by the City of Cameron for the promotion of tourism.

Using the data provided by the City of Cameron, Oversight provides the possible fiscal impact provided Cameron puts forth a rate other than, but including, four percent (4%):

Estimated Transient Guest Tax Rate	Estimated Increase to City of Cameron's Revenue(s)
2%	\$73,584
3%	\$110,376
4%	\$147,168
5%	\$183,960

For purposes of this fiscal note, Oversight will assume the City of Cameron will put forth the proposal authorized under this proposed legislation at a General Election. Oversight assumes the next General Election will occur in November 2022 (Fiscal Year 2023) with such tax beginning January 1, 2023 (Fiscal Year 2023). Therefore, Oversight will report the revenue gain to the City of Cameron beginning in Fiscal Year 2023 (6 months' worth of collection).

For the purposes of this fiscal note, Oversight will **not** report a fiscal impact to the State of Missouri as a result of a transient guest tax imposed by the City of Cameron as the Missouri Department of Revenue does not currently collect transient guest taxes (unless an agreement with a political subdivision is made for such collection to be administered by the Missouri Department of Revenue).

Oversight will report a revenue gain to the City of Cameron ranging from \$0 (Cameron does not propose to its respective voters the transient guest tax or the voters of Cameron reject the proposal) "up to" Oversight's estimated revenue increase to the City of Cameron provided Cameron puts forth a transient guest tax equal to the maximum rate permitted of five percent (5%).

<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>Revenue Gain –</u> Section 67.1360 – City of Cameron Transient Guest Tax	<u>\$0</u>	<u>\$0 up to \$91,980</u>	<u>\$0 up to \$183,960</u>
ESTIMATED NET EFFECT ON CITY OF CAMERON	<u>\$0</u>	<u>\$0 up to \$91,980</u>	<u>\$0 up to \$183,960</u>

FISCAL IMPACT – Small Business

This proposed legislation could impact any small business that operates as a hotel, motel, breakfast inn, campgrounds or any docking facility that rents slips to recreational boats that are used by transients for sleeping as these small businesses would be required to collect and remit the transient guest tax, if approved by the voters, to the collecting authority, increasing the small businesses administrative costs.

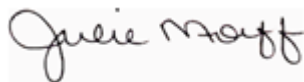
FISCAL DESCRIPTION

This bill adds certain cities (City of Cameron) of the third classification with more than 9,000 but fewer than 10,000 inhabitants and located in more than one county to the list of cities and counties described in the bill to impose, upon voter approval, a transient guest tax of between 2% and 5% per occupied room per night for tourism purposes.

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 – Budget & Planning Division
Missouri Department of Revenue
City of Cameron



Julie Morff
Director
February 23, 2021



Ross Strobe
Assistant Director
February 23, 2021