

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1977-02
Bill No.: HB 1079
Subject: Motels and Hotels; Political Subdivisions; Business and Commerce; Licenses -
 Miscellaneous
Type: Original
Date: April 18, 2017

Bill Summary: This proposal changes the laws regarding hotel license fees by imposing limits to the rates a city may levy.

FISCAL SUMMARY

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

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 Health and Senior Services (DHSS)** assume the proposed legislation would cap the fees currently collected by local authorities that assist DHSS in inspecting hotels and motels. As costs to conduct inspections increases, the Local Public Health Agencies (LPHA) may require additional contract money through DHSS in order to assist with the state lodging inspections/re-inspections. If additional contract money is not granted, the local public health agencies would be unable to carry out these functions and therefore the responsibility would fall back to DHSS. Either scenario would lead to a possible request for general revenue funds to carry out these essential public health services.

Oversight assumes Local Public Health Agencies could have a potential unknown loss in income on inspection fees collected from hotels and motels. If contract money is not approved by DHSS, then DHSS will have additional costs to carry out these services. Therefore, Oversight will also reflect \$0 to unknown loss of income for Local Public Health Agencies for this proposal.

Officials at the **Department of Revenue, the Office of Administration's Division of Budget and Planning, the Department of Economic Development** and the **State Tax Commission** each assume no fiscal impact to their respective agencies from this proposal.

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

Officials at the following counties: Andrew, Atchison, Audrain, Barry, Benton, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, Daviess, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Mississippi, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, Webster and Worth did not respond to **Oversight's** request for fiscal impact.

Officials at the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Cost - DHSS - increase inspections of hotels and motels</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL PUBLIC HEALTH AGENCIES			
<u>Loss - LPHA - potential loss of income on inspection fees collected from hotels and motels</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL PUBLIC HEALTH AGENCIES	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

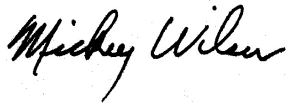
This bill limits any increase in a license tax rate or fee amount on hotels and motels by more than 5% above the annual rate in effect on August 28, 2017. The total dollar amount of all license taxes or fees on any hotel or motel in one year cannot exceed the greater of one-eighth of 1% of the gross revenue of the hotel or motel as of August 28, 2017, or the license tax or fee in effect on December 31, 2016. If the revenue from a license tax or fee is dedicated and restricted to a project for which bonds were outstanding on January 1, 2017, this limitations of this section will not apply to the tax.

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

Department of Health and Senior Services
Department of Revenue
Office of Administration
 Division of Budget and Planning
Department of Economic Development
State Tax Commission
St. Louis County



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April 18, 2017

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