

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4388H.011
Bill No.: HB 2129
Subject: Taxation and Revenue - General; Political Subdivisions; Cities, Towns, and Villages; Tourism; Motels and Hotels
Type: Original
Date: March 1, 2022

Bill Summary: This proposal authorizes the city of Cameron and the city of Hamilton 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 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
City of Cameron	\$0 or up to \$45,990	\$0 or up to \$183,960	\$0 or up to \$183,960
City of Hamilton	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Local Government	\$0 or \$45,990 to Unknown	\$0 or \$183,960 to Unknown	\$0 or \$183,960 to Unknown

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 **Department of Revenue** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

City of Cameron

Officials from the **City of Cameron (Cameron)** estimate the fiscal impact of the bill for fiscal years 2023, 2024 & 2025 to be as follows:

(Reminder: 2022 will likely not be a factor due to any changes voted and approved would not take effect until August or later which would delay the City of Cameron being able to make it available for a vote of its citizens until November 2022 or April 2023 depending on the effective date of the bill.

Revenue Increases: FY23 - estimate 50% of annual total or approximately \$70,000

FY24 - full year collection or approximately \$147,000

FY25 - full year collection or approximately \$148,000

Officials from the **City of Cameron** note this revenue source is not expected to decrease any other established revenues.

Costs that would increase would be sponsoring of community activities to revitalize the area.

Cost savings would be in the form of re-allocation of costs for proposed community activities.

Cameron currently has approximately 280 hotel/motel rooms @ 60% occupancy with an average rate of \$60 per room X 365 nights per year = \$3,679,200. Those revenues X the 4% hotel/motel tax rate = \$147,168 annual revenue impact to the City of Cameron Tourism Bureau.

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 April 1, 2023 (per section 67.1362). Therefore, Oversight will report the revenue gain to the City of Cameron beginning in Fiscal Year 2023 (3 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%).

City of Hamilton

Oversight was unable to receive a response from Hamilton city officials. Oversight notes the city of Hamilton currently has two hotels, one RV Park, and six bed and breakfast facilities.

Source: <https://visithamiltonmo.com/stay/>

Oversight was unable to obtain detailed information regarding the number of rooms, rates, or vacancies for the above-mentioned accommodations.

Oversight notes this proposed legislation would allow the governing body of the City of Hamilton 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 Hamilton submits to its voters a proposal to authorize the City of Hamilton to impose a transient guest tax and the voters of the City of Hamilton approve the proposal.

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

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.

For purposes of this fiscal note, **Oversight** will assume the City of Hamilton 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 April 1, 2023, (per section 67.1362). Therefore, Oversight will report the revenue gain to the City of Hamilton beginning in Fiscal Year 2023 (3 months' worth of collection).

For the purpose of this fiscal note, **Oversight** will report a revenue gain to the City of Hamilton ranging from \$0 (Hamilton does not propose to its respective voters the transient guest tax or the voters of Hamilton reject the proposal) or an unknown revenue increase to the City of Hamilton; provided Hamilton puts forth a transient guest tax equal to the maximum rate permitted of five percent (5%).

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
CITY OF CAMERON			
<u>Revenue Gain</u> – Section 67.1360 – City of Cameron Transient Guest Tax p. 3-4	<u>\$0 or up to \$45,990</u>	<u>\$0 or up to \$183,960</u>	<u>\$0 or up to \$183,960</u>
ESTIMATED NET EFFECT ON CITY OF CAMERON	<u>\$0 or up to \$45,990</u>	<u>\$0 or up to \$183,960</u>	<u>\$0 or up to \$183,960</u>
CITY OF HAMILTON			
<u>Revenue Gain</u> – Section 67.1360 – City of Hamilton Transient Guest Tax p. 4-5	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON CITY OF HAMILTON	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or could exceed \$45,990</u>	<u>\$0 or \$91,980 to Unknown</u>	<u>\$0 or \$183,960 to Unknown</u>

FISCAL IMPACT – Small Business

This proposed legislation could impact any small business in Cameron or Hamilton 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 proposal authorizes the city of Cameron and the city of Hamilton to impose a transient guest tax whose revenues are dedicated to promoting tourism.

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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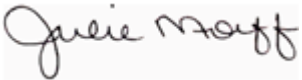
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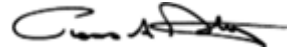
March 1, 2022

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
City of Cameron



Julie Morff
Director
March 1, 2022



Ross Strobe
Assistant Director
March 1, 2022