

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0920-02  
Bill No.: Perfected SCS for SB Nos. 165, 164, 248 & 168  
Subject: Cities, Towns and Villages; Motels and Hotels; Taxation and Revenue; Tourism  
Type: Original  
Date: March 5, 2009

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Bill Summary: This proposal allows several local tax increases pending voter approval.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue** assume the proposal will not fiscally impact their agency.

In response to a similar proposal from 2008 (SB 1089), officials from the **City of Grandview (Grandview)** estimated the proposal will have no fiscal impact in the first year; \$100,000 in the second year; and \$100,000 in the third year. Grandview has never had a hotel/motel tax before and officials state they are seeing an increase in traffic now that the Triangle project is complete. They estimate there are now 70,000 to 75,000 cars a day along Highway 71. This will increase with the opening of the National Nuclear Security Administration complex in 2010 and the intermodal facility at the former Richards-Gebaur Airport starting in the spring of 2008. Grandview has no funding for marketing, public relations, tourism, or infrastructure related to completing the Downtown Corridor Plan.

Costs associated with this proposal would relate to an election and voters have to authorize the tax. Grandview officials were not aware of any revenue losses associated with this proposal.

In response to a similar proposal from this year (HB 338), officials from the **City of Ashland** state the per room per night tax would range from \$1.70 to \$4.25 and would generate from \$22,338 (based on \$1.70 per night) to \$55,845 (based on \$4.25 per night) to an unknown amount annually. This estimate is based on 60 total rooms with a 60 percent occupancy rate.

**Oversight** assumes this proposal allows several political subdivisions to increase taxes within their boundaries. The proposal allows Grandview to levy a transient guest tax for promoting tourism as well as a sales tax for public safety improvements. The proposal also allows Ashland and Sugar Creek to levy a transient guest taxes for the purpose of promoting tourism. These taxes may not be implemented without voter approval.

**Oversight** assumes this proposal is enabling legislation and would have no fiscal impact unless the governing body would request the voters of their city approve the imposition of the transient guest tax or the sales tax. Should voters approve the imposition of a sales tax, the city could expect revenue to be generated and there would be costs of providing public safety programs.

**Oversight** assumes the Department of Revenue would collect the sales tax and retain a 1% collection fee which would be deposited into the State's General Revenue Fund.

ASSUMPTION (continued)

Section 137.1040; Cemeteries;

In response to a similar proposal from this year (SB 168), officials of **St. Louis County** and **Cass County** assumed no fiscal impact.

In response to a similar proposal from this year (SB 168), officials of the **Kansas City Attorney's** office assumed no fiscal impact, however, officials assume there could be a positive impact on the city.

In response to a similar proposal from this year (SB 168), officials of the **Clinton County Commission** assumed this proposal would offset their General Revenue expenditures.

In response to a similar proposal from this year (SB 168), officials of the **City of West Plains** assume there could be a small positive fiscal impact on their city.

In response to a similar proposal from this year (SB 168), officials from **Webb City** stated there would be no cost to cities if they did not pursue the tax.

In response to a similar proposal from this year (SB 168), officials of the **City of Centralia, City of Joplin, City of Cape Girardeau** and **City of Republic** assumed no fiscal impact.

**Oversight** assumes this part of the proposal is discretionary and as written would not have any fiscal impact. **Oversight** assumes if a city or county would seek and receive voter approval to levy a property tax, which could not exceed one quarter of one cent per one hundred dollars of assessed valuation, there would be fiscal impact.

**Oversight**, because this proposal is permissive, will show fiscal impact to local governments to be zero.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>CITY OR COUNTY CEMETERY MAINTENANCE TRUST FUND</b>			
<b><u>Income</u></b> - To City or County Cemetery Maintenance Trust Fund from voter approved property tax.	Unknown	Unknown	Unknown
<b><u>Cost</u></b> - To City or County Cemetery Maintenance Trust Fund from upkeep and maintenance of cemeteries.	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENT*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**\* Oversight assumes local governments cannot spend more than their income. Oversight assumes annual fund balances would be either zero or an annual positive balance. For purposes of this fiscal note annual fund balances will be shown as zero.**

FISCAL IMPACT - Small Business

Small businesses that have to collect and remit the various taxes could be fiscally impacted as a result of this proposal.

FISCAL DESCRIPTION

This act authorizes the City of Grandview to levy a transient guest tax on charges for sleeping rooms paid by guests of hotels and motels for the purpose of promoting tourism. The proposed tax must be submitted to the voters and shall not be greater than five percent per occupied room per night.

The City of Grandview may seek voter approval to levy a sales tax of up to one-half percent to fund public safety improvements for the city. Such improvements may include expenditures on equipment, city employee salaries and benefits, and facilities for police, fire, and emergency medical providers.

FISCAL DESCRIPTION (continued)

The City of Ashland is allowed to seek voter approval for the imposition of a transient guest tax of not less than two percent nor more than five percent per occupies room per night. The tax authorized by this act must be separately stated from all other charges and taxes.

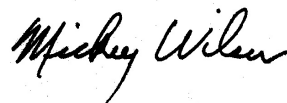
The governing body of any city, town, village or county is authorized to submit a proposal to the voters of such city, town village or county allowing the municipality to impose a property tax to fund cemetery maintenance. The tax authorized under this act shall not exceed one fourth of one cent per one hundred dollars assessed valuation and shall not become effective until approved by the voters of the city, town village or county.

The City of Sugar Creek is authorized to seek voter approval to impose a transient guest tax upon charges for all sleeping rooms paid by guests of hotels, motels, bed and breakfast inns and campgrounds for the purpose of promoting tourism. The tax must be at least two percent, but may not exceed five percent per occupied room per night.

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

Department of Revenue  
City of Grandview  
St. Louis County  
Kansas City  
City of West Plains  
City of Centralia  
City of Webb City  
City of Ashland  
Cass County  
Clinton County  
City of Republic  
City of Joplin



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March 4, 2009