

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6711S.01I  
 Bill No.: SB 1551  
 Subject: Cities, Towns, and Villages; Taxation and Revenue - Sales and Use  
 Type: Original  
 Date: March 1, 2026

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Bill Summary: This proposal authorizes certain third-class cities to impose a transient guest tax.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0 or Up to \$8,851	\$0 or Up to \$53,108	\$0 or Up to \$53,108
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or Up to \$8,851</b>	<b>\$0 or Up to \$53,108</b>	<b>\$0 or Up to \$53,108</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<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.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0 or More or less than \$893,981</b>	<b>\$0 or More or less than \$5,363,889</b>	<b>\$0 or More or less than \$5,363,889</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §94.833 – Transient Guest Tax for Certain Third Class Cities

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal establishes transient guest taxes for third class cities with a city manager form of government established under Chapter 78. The transient guest tax shall not exceed 5.0% and be used for the purpose of tourism. B&P defers to the political subdivisions with this form of government for specific estimates of actual collection costs. If the city enters into an agreement with the DOR for collection of the tax, then there would be a TSR impact for the 1% DOR collection fee. B&P defers to DOR for more specific estimates of actual collection costs. Since it is unknown how many third class cities may pursue transient guest taxes and enter into an agreement with the DOR Director for collection, the fiscal impact is also \$0 to Unknown.

Officials from the **Department of Revenue (DOR)** assume this proposal would grant any city the ability to take to their voters a transient guest tax. The tax can be no more than 5%. The tax must be approved by the voters of the city in order to be implemented.

This proposal allows any city adopting the transient guest tax to enter into a contract with the DOR to collect the tax. This contract is optional. DOR notes that should DOR collect the tax, it will require updates to all of DOR's tax collection and distribution systems (\$7,547) and updates to DOR forms (\$2,200). The total cost would be \$9,747 per city. DOR notes that when DOR collects these taxes, DOR will also get to retain 1% of the amount collected to reimburse DOR costs.

DOR notes DOR does not currently collect any transient guest taxes. DOR has not exercised DOR's option to collect taxes that are local only taxes.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to any updates to DOR's tax collection and distribution system and forms from this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight notes this proposal allows 3<sup>rd</sup> class cities to impose a transient guest tax on all lodging establishments (hotels, motels, bed and breakfast inns, or other similar establishments) of not more than 5% per occupied lodging establishment sleeping room per night. The governing body of the county would submit to the voters of the city this question at an election. If approved by the voters, the proceeds would be used by the city for the promotion of tourism.

**Oversight** notes according to the 2020 census, there are approximately 60 3<sup>rd</sup> class cities in the State. Oversight does not have the information to determine which of those cities currently have an ordinance to allow for a transient guest tax to be charged within their city or which of the cities would put before the voters this proposal. Oversight notes according to the DOR's Taxable Sales and Use Tax by NAICS Code Report, these 3<sup>rd</sup> class cities for FY25 generated approximately \$106,215,621 in taxable sales for hotels, motels and bed and breakfast inns. Using the taxable sales for FY25 and applying a 5% transient guest tax would generate approximately \$5,310,781 annually of additional revenue for 3<sup>rd</sup> class cities. Therefore, Oversight will show a \$0 (no voter approval) or a revenue gain up to \$5,310,781 (ballot passed by the voters) for 3<sup>rd</sup> class cities. Assuming the voters of the cities pass this ballot issue, the tax could become effective as early as April of 2027 with a collection date of May of 2027. Therefore, Oversight will show a partial impact in 2027 of 2 months.

§94.833.4 gives the cities two options for the collection and administration of the tax. The city can internally collect the tax at a 1% (§94.833.4(2)(b)) rate not to exceed 2% per month on unpaid taxes that are deemed delinquent. Therefore, Oversight will show a potential revenue gain to 3<sup>rd</sup> class cities for this option. The city may also enter into an agreement with DOR for collecting the tax. If this option is in place, then DOR would retain a 1% collection fee. Therefore, Oversight will also show a potential revenue gain to DOR for this option (§94.833.4(3)(d)).

Officials from the **Platte County Board of Elections**, **St. Louis City Board of Elections** and the **St. Louis County Board of Elections** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (2 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Revenue Gain – DOR (§94.833.4(3)(d))</u> Potential income from 1% collection fee p.4	\$0 or Up to <u>\$8,851</u>	\$0 or Up to <u>\$53,108</u>	\$0 or Up to <u>\$53,108</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or Up to <u>\$8,851</u></b>	<b>\$0 or Up to <u>\$53,108</u></b>	<b>\$0 or Up to <u>\$53,108</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (2 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Gain – 3<sup>rd</sup> Class Cities</u> (§94.833.4(2)(b)) Potential income from a 1% collection fee not to exceed 2% p.4	\$0 or More or less than <u>\$8,851</u>	\$0 or More or less than <u>\$53,108</u>	\$0 or More or less than <u>\$53,108</u>
<u>Revenue Gain – 3<sup>rd</sup> Class Cities</u> (§94.833.2) Potential income from transient guest tax, if approved by voters p.4	\$0 or Up to <u>\$885,130</u>	\$0 or Up to <u>\$5,310,781</u>	\$0 or Up to <u>\$5,310,781</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or More or less than <u>\$893,981</u></b>	<b>\$0 or More or less than <u>\$5,363,889</u></b>	<b>\$0 or More or less than <u>\$5,363,889</u></b>

#### FISCAL IMPACT – Small Business

Small businesses who operate lodging establishments within 3<sup>rd</sup> Class Cities may be impacted by this proposal.

#### FISCAL DESCRIPTION

This act authorizes any third class city with a city manager form of government to impose a transient guest tax at a rate not to exceed 5%. If the city elects to collect the tax rather than enter into an agreement for the Department of Revenue to collect the tax, then the city shall only use

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such tax revenues for the promotion of tourism. After the payment of initial bonds, the governing body of the city may submit the question of repealing the transient guest tax to the voters.

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 and Planning  
Department of Revenue  
Platte County Board of Elections  
St. Louis City Board of Elections  
St. Louis County Board of Elections  
Joint Committee on Administrative Rules  
Office of the Secretary of State



Julie Morff  
Director  
March 1, 2026



Jessica Harris  
Assistant Director  
March 1, 2026