

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2187-01
Bill No.: SB 617
Subject: Hotels and Motels, Economic Development, Enterprise Zones.
Type: Original
Date: March 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(Under \$100,000)	(Under \$100,000)	(Under \$100,000)
Total Estimated Net Effect on <u>All</u> State Funds	(Under \$100,000)	(Under \$100,000)	(Under \$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

In response to similar legislation from this year, officials from the **Department of Economic Development (DED)** assumed this bill will assist Salem, Missouri and could create some recurring costs for Enterprise Zone Credits that could be offset by a positive but indeterminable economic benefit to the state. The DED assumes there will be no fiscal impact to their agency.

Officials from the **Department of Revenue (DOR)** state they do not anticipate a significant increase in the number of new credits filed. Therefore, the DOR will not request additional FTE at this time. However, if DOR is incorrect in this assumption, they will need one Temporary Tax Season Employee for every 75,000 additional credits, one Tax Processing Tech I for every 30,000 additional errors generated and one Tax Processing Tech I for every 3,000 additional pieces of correspondence received regarding this credit. Any FTE needed will be requested during the normal budget process.

Officials from the **City of Salem** state with passage of this legislation, a new 65 room hotel facility will probably be built in their community. The City of Salem estimates the annual revenues from this facility for the city, including sales tax and increased property taxes would be roughly \$11,521. The City of Salem also estimates that gross water and electric revenues for this new facility would be roughly \$60,000 to the City.

Oversight is unable to determine the amount of tax credits that will be utilized with the passage of this legislation, but based upon the response from DED, assumes the amount to be under \$100,000 in any given fiscal year.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Costs - New Enterprise Zone Tax Credits</u>	(Under \$100,000)	(Under \$100,000)	(Under \$100,000)
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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FISCAL IMPACT - Local Government

FY 2002 (10 Mo.)	FY 2003	FY 2004
\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal would fiscally impact those businesses that now are considered eligible in the enterprise zone in Salem.

DESCRIPTION

This proposal adds hotels and motels operated in Salem (Dent County) to the list of businesses and activities which qualify as a "revenue-producing enterprise" for purposes of enterprise zone tax relief laws.

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 Economic Development
Department of Revenue
City of Salem



Jeanne Jarrett, CPA
Director

March 12, 2001