

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2187-02  
Bill No.: Perfected SCS for SB 617  
Subject: Hotels and Motels, Economic Development, Enterprise Zones.  
Type: Original  
Date: April 3, 2001

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

---

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Economic Development (DED)** assumes this bill will allow hotels and motels in Salem, Missouri (Dent County) to qualify for some local tax credits or tax abatements. DED assumes there would be no fiscal impact on their agency or cost to the state, unless it was determined that the bill imposes new duties on the city/county that should be paid for by the state.

Officials from the **Department of Revenue (DOR)** stated they do not anticipate a significant increase in the number of new credits filed. Therefore, the DOR did 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.

Officials from **Dent County** did not respond to our request for fiscal impact.

**Oversight** assumes the state will not be fiscally impacted from this legislation. Oversight also assumes the local taxing and governing authorities may grant an exemption (in whole or in part) of property taxes to this new hotel after holding the required public hearings on the matter, therefore, has estimated the local impact as zero.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	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. The proposal limits the tax relief to local tax credits; it explicitly prohibits eligibility of these hotels and motels for state enterprise zone tax credits.

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

**NOT RESPONDING: Dent County Collector**



Jeanne Jarrett, CPA  
Director  
April 3, 2001