

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3506H.04C  
 Bill No.: HCS for HB 1564  
 Subject: Taxation and Revenue - General; Cities, Towns, and Villages; Capital Improvements; Motels and Hotels; Food; Emergencies  
 Type: Original  
 Date: March 19, 2024

Bill Summary: This proposal modifies provisions relating to certain local taxes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>General Revenue*</b>	\$0	\$0 or up to \$111,572	\$0 or up to \$170,703
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or up to \$111,572</b>	<b>\$0 or up to \$170,703</b>

\* Represents the potential 1% collection fee for DOR if approved by voters.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or could exceed \$11,045,503</b>	<b>\$0 or could exceed \$16,899,617</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Section 67.597 - Bates County Sales Tax for Operation of Hospital**

Officials from the **Department of Revenue (DOR)** note this proposal allows Bates County to take to the vote of the people the issue of creating a sales tax to fund the operation of a hospital. The tax allowed by this proposal shall not exceed one percent. The Department of Revenue (DOR) is to collect and distribute the sales tax per this proposal and shall retain 1% for collection expenses. DOR records show that the taxable sales for the Bates County for the last five years have been.

<b>CY</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Total</b>
2017	\$24,923,365	\$28,164,526	\$26,530,672	\$27,725,812	\$107,344,375
2018	\$24,979,649	\$28,903,521	\$29,961,356	\$36,577,510	\$120,422,036
2019	\$25,235,914	\$30,043,861	\$29,343,069	\$28,680,665	\$113,303,509
2020	\$26,791,279	\$32,257,135	\$30,899,825	\$30,899,634	\$120,847,873
2021	\$28,663,803	\$33,572,928	\$35,825,842	\$34,105,961	\$132,168,534
2022	\$29,179,422	\$35,282,545	\$34,385,717	\$34,875,364	\$133,723,048

DOR notes that this proposal would become effective on August 28, 2024, and the first election this issue could be presented to the voters would be the April 2025 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2025 (FY 2026) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2026 of 8 months. This will result in the following impact to DOR and the County.

<b>Bates County</b>	<b>1% Tax</b>	
<b>Fiscal Year</b>	<b>DOR 1% Fee</b>	<b>Local Collection</b>
2025	\$0	\$0
2026 * (8 months)	\$9,698	\$960,116
2027	\$14,838	\$1,468,978
*Effective Date 8/28/2024		

Should the district pass the sales tax and notify the Department, DOR will need to upgrade the following computer systems; Revenue Premier, MyTax, Rate Manager and the department's

Avalara sales and use tax map as well as notify the vendors in the area about the tax. This is estimated to cost \$10,000.

**Oversight** assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

In response to a similar proposal this year (HB 2731), officials from the **Office of Administration - Budget and Planning (B&P)** deferred to Bates County governments for the fiscal impact of this proposed 1% sales tax. The tax is intended to support operations of hospital services. DOR's retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of the tax. B&P defers to DOR for more specific estimates of actual collection costs.

**Oversight** will range the fiscal impact from \$0 (not approved by voters) up to the estimates calculated by the Department of Revenue for the fiscal impact to general revenue and local political subdivisions. Oversight notes the tax rate shall not exceed one percent; therefore, Oversight will reflect "up to" the 1% sales tax estimates.

#### **Section 67.1003 - Transient Guest Tax for the Cities of Cottleville & Weldon Spring**

In response to a similar proposal this year (HB 2496), officials from the **Office of Administration - Budget and Planning** 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.

Officials from the **Department of Revenue (DOR)** note this adds the city of Cottleville (67.1003.6(b)) & Weldon Springs (67.1003.6(a)) to the list of cities eligible to take to the voters of their city to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

**Oversight** assumes this proposal authorizes the Cities of Cottleville and the City of Weldon Spring, upon voter approval, to enact a transient guest tax of not more than 5% per occupied room per night for tourism purposes. Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approval by the majority of voters. If the majority of voters approve this issue on the ballot, then there would be potential tax revenue for the City of Cottleville and/or the City of Weldon Spring. Therefore, Oversight will reflect a \$0 (no voter approval) or unknown revenue impact to the City of Cottleville and the City of Weldon Spring for this provision.

#### **Section 67.1009 - Transient Guest Tax for the City of Knob Noster**

Officials from the **Department of Revenue (DOR)** note this adds the city of Knob Noster to the list of cities eligible to take to the voters of their city to see if they want a transient guest tax. Additionally, it allows all cities listed under Section 67.1009 to have a transient sales tax up to 6%. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR

**Oversight** notes this section permits certain cities the ability to vote in a transient guest tax for promotion of the city. **Oversight** assumes the proposal permits the City of Knob Noster (Subdivision 3) to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night. The transient guest tax on the City of Knob Noster would be used for the promotion of tourism, economic development and the retention and growth of Whiteman Air Force Base. Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to Knob Noster for this proposal. Oversight does not have enough information regarding sleeping rooms in Knob Noster to provide an estimate.

### **Section 67.1013 - Transient Guest Tax for Tourism Purposes**

In response to a similar proposal this year (HB 1439), officials from the **Office of Administration - Budget and Planning (B&P)** state the provision establishes transient guest taxes for the City of Harrisonville. This proposal allows the City to impose a transient guest tax of about 6%. B&P defers to the City of Harrisonville on the transient guest tax for specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** state this provision allows the City of Harrisonville and the City of Jackson to take to the voters of their city to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

In response to a similar proposal this year (HB 1439), 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.

**Oversight** notes this provision permits certain cities the ability to vote in a transient guest tax for promotion of the city.

**Oversight** assumes the proposal permits the city of Harrisonville and the City of Jackson to impose a transient guest tax, upon voter approval, of not more than 6% per occupied room, per night. The transient guest tax would be used for the promotion of tourism.

**Oversight** does not have information regarding the number of sleeping rooms, occupancy rates and charges. Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to each the City of Harrisonville and the City of Jackson for this proposal.

### **Section 67.1018 - Transient Guest Taxes in New Madrid County**

In response to a similar proposal this year (HB 2246), officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal allows New Madrid County to impose a transient guest tax of not more than 5.0%. B&P defers to the County of New Madrid on the transient guest tax for specific estimates of actual collection costs.

This proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e)

Officials from the **Department of Revenue** assume this provision allows the New Madrid County to take to the voters of their county to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

**Oversight** assumes this proposal permits New Madrid County (Subdivision 2) the ability to vote on a transient guest tax (of not more than 5% per occupied room, per night) for the purposes of law enforcement and tourism. **Oversight** notes New Madrid County is not currently on-boarded with Oversight to receive legislation for response. The transient guest tax for New Madrid County would be used by the county with 50% of the proceeds to fund law enforcement and the remaining 50% of the proceeds to fund the promotion of tourism. **Oversight** does not have enough information regarding sleeping rooms in New Madrid County to provide an estimate of the additional revenue (if approved). Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to New Madrid County for this proposal.

### **Section 67.1360 - Transient Guest Taxes for Tourism for the City of Richmond**

In response to a similar proposal this year (HB 1984), officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal allows the City of Richmond to impose a transient guest tax of at least 2% but not more than 5%. B&P defers to the City of Richmond on the transient guest tax for specific estimates of actual collection costs.

This proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e)

Officials from the **Department of Revenue** assume this provision allows the City of Richmond to take to the voters of their city to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

**Oversight** notes this section (Subdivision 38) permits the City of Richmond the ability to vote in a transient guest tax (of not less than 2% and not more than 5% per occupied room, per night) for funding the promotion of tourism. The transient guest tax may be charged on hotels, motels, bed and breakfast inns, and campgrounds and any docking facility that rents slips to recreational boats. Therefore, **Oversight** will reflect a \$0 (no voter approval) or unknown amount of revenue (ballot proposal passed by the voters) to the City of Richmond for this proposal. **Oversight** does not have enough information regarding sleeping rooms in the City of Richmond to provide an estimate.

#### **Section 67.1367 - Transient Guest Tax for Ste. Genevieve County & Perry County**

In response to a similar proposal this year (HB 2784), officials from the **Office of Administration - Budget and Planning** 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 these agencies.

Officials from the **Department of Revenue (DOR)** note this provision allows Ste. Genevieve County to take to the voters of their county to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

Officials from the **Department of Revenue (DOR)** also note this provision allows Perry County to take to the voters of their county to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

**Oversight** assumes this proposal authorizes Ste. Genevieve County and Perry County, upon voter approval, to enact a transient guest tax of not more than 6% per occupied room at hotels, motels, bed and breakfast inns or campground cabins per night for tourism purposes. Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approval by the majority of voters. If the majority of voters approve this issue on the ballot, then there would be potential tax revenue for Ste. Genevieve County and/or Perry County. Therefore, Oversight will reflect a \$0 (no voter approval) or unknown revenue impact for this proposal.

### **Section 94.838 - Village of Lamar Heights Local Tax**

In response to a previous version (HB 1564), officials from the **Office of Administration - Budget and Planning (B&P)** note Section 94.838 – The bill updates the demographic description in the definition of municipality for the City of Lamar Heights. The tax rate changes from 2% to 6% with proceeds directed to construction, maintenance, and operation of capital improvements, emergency services, and public safety.

B&P defers to the local government for the fiscal impact. DOR’s retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection and to DOR for more specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** note this proposal allows the Village of Lamar Heights to change their 2% local sales tax from being allowed for construction, maintenance and operation of capital improvements to being allowed to also use it for emergency services and public safety. DOR notes the Village of Lamar Heights will continue with their 2% sales tax and therefore this will not have a fiscal impact.

**Oversight** shows the taxable sales for the City of Lamar Heights according to the Department of Revenue’s [Public Taxable Sales Report](#) for calendar years 2020-2023:

Calendar Year	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total Taxable Sales
2020	\$1,817,966	\$2,189,249	\$2,373,148	\$2,130,580	\$8,510,943
2021	\$2,045,983	\$2,822,869	\$2,614,191	\$2,369,169	\$9,852,212
2022	\$1,885,280	\$2,480,837	\$2,585,680	\$2,303,376	\$9,255,174
2023	\$2,200,767	\$2,459,902	\$2,897,796		

**Oversight** notes this proposal allows the City of Lamar Heights to use their local tax collections for emergency services and public safety. Oversight notes Lamar Heights already has the authority for the tax. Oversight assumes this proposal simply updates the description of Lamar Heights and expands what the city may use the proceeds for to include emergency services and public safety. Therefore, Oversight assumes no fiscal impact from the proposal.

In response to a previous version (HB 1564), 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.

**Oversight** notes that the above-mentioned agency have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

### **Section 94.900 Sales Tax for Public Safety**



Officials from the **Department of Revenue (DOR)** note this proposal in Section 1.(1)(n) allows a city with more than fifty-one thousand but fewer than fifty-eight thousand inhabitants and located in more than one county to adopt a sales tax for the purpose of funding public safety. DOR believes this is Joplin.

Joplin

DOR records show that Joplin has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$319,246,476	\$343,129,993	\$344,923,713	\$363,527,520	\$1,370,827,701
2018	\$334,173,317	\$356,019,672	\$354,536,020	\$377,480,862	\$1,422,209,870
2019	\$342,626,835	\$362,955,312	\$364,074,798	\$388,757,496	\$1,458,414,440
2020	\$333,332,341	\$350,430,677	\$379,642,024	\$411,620,125	\$1,475,025,167
2021	\$397,523,397	\$434,444,664	\$400,127,308	\$427,402,675	\$1,659,498,045
2022	\$384,224,088	\$430,650,071	\$436,430,186	\$447,415,995	\$1,698,720,341
2023	\$394,594,224	\$440,075,051	\$421,387,816		

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Joplin would collect, and the fee retained by DOR as:

Joplin	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2025	\$43,573	\$4,313,758	\$87,147	\$8,627,515
2026	\$44,445	\$4,400,033	\$88,890	\$8,800,066
2027	\$45,334	\$4,488,034	\$90,667	\$8,976,067

DOR notes that this proposal would become effective on August 28, 2024, and the first election this issue could be presented to the voters would be the April 2025 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2025 (FY 2026) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2026 of 8 months.

Joplin	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2025	\$0	\$0
2026 * (8 months)	\$59,260	\$5,866,711
2027	\$90,667	\$8,976,067

\*Effective Date 8/28/2024

This proposal in Section 1.(1)(o) allows a city with more than sixteen thousand but fewer than eighteen thousand inhabitants and located in more than one county to adopt a sales tax for the purpose of funding public safety. DOR believes this is Hannibal and Sikeston.

Hannibal

DOR records show that Hannibal has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$67,728,970	\$76,528,715	\$76,079,876	\$75,586,919	\$295,924,481
2018	\$67,631,899	\$79,601,649	\$76,285,136	\$77,940,647	\$301,459,331
2019	\$67,463,248	\$78,105,713	\$81,216,516	\$82,692,583	\$309,478,060
2020	\$69,982,369	\$87,152,350	\$85,155,682	\$87,018,479	\$329,308,879
2021	\$81,082,722	\$93,364,299	\$92,954,007	\$97,111,125	\$364,512,153
2022	\$81,170,292	\$100,642,087	\$100,479,879	\$102,098,456	\$384,390,715
2023	\$93,970,464	\$105,148,013	\$97,956,188		

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Hannibal would collect, and the fee retained by DOR as:

Hannibal	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2025	\$9,976	\$987,651	\$19,953	\$1,975,302
2026	\$10,176	\$1,007,404	\$20,352	\$2,014,808
2027	\$10,379	\$1,027,552	\$20,759	\$2,055,104

DOR notes that this proposal would become effective on August 28, 2024, and the first election this issue could be presented to the voters would be the April 2025 general municipal election.

This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2025 (FY 2026) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2026 of 8 months.

Hannibal	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2025	\$0	\$0
2026 * (8months)	\$13,568	\$1,343,206
2027	\$20,759	\$2,055,104

\*Effective Date 8/28/2024

Sikeston

DOR shows that the City of Sikeston has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$72,768,638	\$75,906,396	\$71,303,847	\$72,021,616	\$292,000,496
2018	\$74,394,832	\$77,592,667	\$73,906,301	\$78,204,078	\$304,097,878
2019	\$75,086,348	\$79,150,901	\$74,977,901	\$78,655,685	\$307,870,835
2020	\$77,014,327	\$87,785,994	\$83,655,316	\$84,822,741	\$333,278,379
2021	\$88,403,515	\$95,942,004	\$93,652,633	\$100,823,372	\$378,821,523
2022	\$90,545,428	\$98,830,654	\$97,693,783	\$99,809,524	\$386,879,389
2023	\$98,416,230	\$100,412,394	\$96,039,616		

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Sikeston would collect, and the fee retained by DOR as:

Sikeston	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2025	\$10,374	\$1,027,017	\$20,748	\$2,054,035
2026	\$10,581	\$1,047,558	\$21,163	\$2,095,116
2027	\$10,793	\$1,068,509	\$21,586	\$2,137,018

DOR notes that this proposal would become effective on August 28, 2024 and the first election this issue could be presented to the voters would be the April 2025 general municipal election.

This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2025 (FY 2026) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2026 of 8 months.

Sikeston	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2025	\$0	\$0
2026 * (8 months)	\$14,109	\$1,396,744
2027	\$21,586	\$2,137,018
*Effective Date 8/28/2024		

This proposal in Section 1.(1)(p) allows any city with more than twelve thousand five hundred but fewer than fourteen thousand inhabitants and located in a county with more than twenty-two thousand but fewer than twenty-five thousand inhabitants to adopt a sales tax for the purpose of funding public safety.

Moberly

DOR records show that the City of Moberly has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$54,417,296	\$58,761,605	\$57,188,513	\$58,494,665	\$228,862,079
2018	\$56,775,968	\$61,135,913	\$58,936,062	\$61,201,512	\$238,049,455
2019	\$55,120,922	\$59,952,650	\$57,408,389	\$61,069,054	\$233,551,015
2020	\$55,859,356	\$66,129,963	\$63,232,964	\$64,320,765	\$249,543,048
2021	\$64,437,630	\$69,254,646	\$68,914,974	\$73,071,081	\$275,678,332
2022	\$65,016,796	\$72,708,116	\$73,181,877	\$76,137,547	\$287,044,336

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Moberly would collect, and the fee retained by DOR as:

Moberly	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2025	\$7,531	\$745,574	\$15,062	\$1,491,148
2026	\$7,682	\$760,485	\$15,363	\$1,520,971
2027	\$7,835	\$775,695	\$15,671	\$1,551,390

DOR notes that this proposal would become effective on August 28, 2024, and the first election this issue could be presented to the voters would be the April 2025 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2025 (FY 2026) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2026 of 8 months.

Moberly	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2025	\$0	\$0
2026 * (8 months)	\$10,242	\$1,013,981
2027	\$15,671	\$1,551,390

\*Effective Date  
 8/28/2024

This proposal in Section 94.900.1(1)(q) allows any city with more than five thousand six hundred but fewer than six thousand three hundred inhabitants and that is the county seat of a county with more than twenty-two thousand but fewer than twenty-five thousand inhabitants to adopt a sales tax to fund public safety. DOR assumes this is for the City of Richmond only.

Richmond

DOR shows that the City of Richmond had these taxable sales:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017					\$0
2018	\$23,856,414	\$25,797,094	\$25,344,445	\$25,215,739	\$100,213,692
2019	\$23,016,557	\$25,793,735	\$25,439,077	\$26,207,685	\$100,457,054
2020	\$24,964,469	\$28,091,507	\$27,102,776	\$27,978,039	\$108,136,791
2021	\$28,893,422	\$29,753,520	\$29,480,585	\$31,288,952	\$119,416,479
2022	\$29,693,490	\$31,698,332	\$32,037,453	\$34,606,388	\$128,035,663
2023	\$33,056,003	\$33,009,162			

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Richmond could receive as well as the 1% reimbursement fee that DOR is allowed to retain.

Richmond	1/4 of 1% Tax		1/2 of 1% Tax	
	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2025	\$3,452	\$341,724	\$6,904	\$683,449
2026	\$3,521	\$348,559	\$7,042	\$697,118
2027	\$3,591	\$355,530	\$7,182	\$711,060

DOR notes that this proposal would become effective on August 28, 2024, and the first election this issue could be presented to the voters would be the April 2025 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2025 (FY 2026) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2026 of 8 months.

Richmond	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2025	\$0	\$0
2026	\$4,695	\$464,745
2027	\$7,182	\$711,060

This is not anticipated to have an administrative impact on the Department.

**Oversight** will range the fiscal impact from \$0 (not approved by voters) up to the estimates calculated by the Department of Revenue for the fiscal impact to general revenue and local political subdivisions.

**Section 94.961 - Transient Guest Tax for General Revenue Purposes in Wentzville**

In response to a similar proposal this year (HB 2695), officials from the **Office of Administration - Budget and Planning** and the **Office of the Secretary of State** 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.

Officials from the **Department of Revenue (DOR)** note this provision allows the City of Wentzville to take to the voters of their city to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

Officials from St. Charles County did not respond to **Oversight's** request for fiscal impact for this proposal. Oversight tried to send a request for response to the City of Wentzville, however, they are currently not on-boarded to receive and respond to legislation for this year.

**Oversight** assumes this proposal authorizes the City of Wentzville, upon voter approval, to enact a transient guest tax of at least 2% but not more than 5% per occupied room per night for general revenue purposes. Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approval by the majority of voters. If the majority of voters approve this issue on the ballot, then there would be potential tax revenue for the City of Wentzville. Therefore, Oversight will reflect a \$0 (no voter approval) or unknown revenue impact for this proposal.

#### **Section 94.1016 Transient Guest Tax for Economic Development in Arrow Rock**

**Officials from the Department of Revenue (DOR)** note this provision allows the City of Arrow Rock to take to the voters of their city to see if they want a transient guest tax. Transient guest taxes are handled by the local political subdivision and not DOR. Therefore, this does not fiscally impact DOR.

**Oversight** assumes this proposal authorizes the Village of Arrow Rock, upon voter approval, to enact a transient guest tax not more than 6% per occupied lodging establishment room per night or 6% per rental term of such lodging facility.

**Oversight** assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approval by the majority of voters. If the majority of voters approve this issue on the ballot, then there would be potential tax revenue for the Village of Arrow Rock. Therefore, Oversight will reflect a \$0 (no voter approval) or unknown revenue impact for this proposal.

#### **Section 205.971 - County Developmental Disability Resource Board Tax Levies**

In response to a similar proposal this year (HB 1436), officials from the from the **Department of Mental Health (DMH)** state in general, county boards use their tax levy dollars to support a variety of services for people with developmental disabilities in their local communities. County boards are the primary payer of tax-supported services that are not Medicaid eligible. Additionally, some county boards also support state share of match for Medicaid services. FY24 projections show SB 40 boards paying in approximately \$2.04M in Medicaid match payments for targeted case management and Partnership for Hope waiver. Any re-direction of tax levy

dollars may reduce Medicaid services or limit a county board from keeping up with inflationary growth. If county SB 40 boards and mill tax boards can no longer support their Medicaid obligations, DMH will need additional funding to continue supporting individuals accessing services as these dollars will no longer be available for state match.

The DMH estimates the fiscal impact to be approximately \$2,040,000 to cover Medicaid match payments which is based on FY24 projections. It is assumed this amount would increase due to inflationary growth; therefore, the fiscal impact may increase but hard to determine at this time.

**Oversight** assumes this proposal would have no direct fiscal impact without action by the county boards. Therefore, Oversight will reflect a \$0 impact for this proposal.

Officials from the **Department of Elementary and Secondary Education** 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.

Officials from the **Callaway County SB 40 Board** assume a fiscal impact of an indeterminate amount.

**Oversight** does anticipate a fiscal impact to SB 40 Boards. Therefore, Oversight will reflect a zero impact in the fiscal note for these entities.

Responses regarding the proposed legislation as a whole

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Potential Revenue Gain</u> - \$67,597 – Bates County - DOR 1% Collection Fee <b>if approved by voters - pp. (3-4)</b>	\$0	\$0 or up to \$9,698	\$0 or up to \$14,838
<u>Potential Revenue Gain</u> - \$94,900 - City of Joplin - DOR 1% Collection Fee <b>if approved by voters</b>	\$0	\$0 or up to \$59,260	\$0 or up to \$90,667



<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<u>Potential Revenue Gain - §94.900 - City of Richmond - DOR 1% Collection Fee if approved by voters</u>	\$0	\$0 or up to \$4,695	\$0 or up to \$7,182
<u>Potential Revenue Gain - §94.900 - City of Hannibal - DOR 1% Collection Fee if approved by voters</u>	\$0	\$0 or \$13,568	\$0 or \$20,759
<u>Potential Revenue Gain - §94.900 - City of Sikeston - DOR 1% Collection Fee if approved by voters</u>	\$0	\$0 or \$14,109	\$0 or \$21,586
<u>Potential Revenue Gain - §94.900 - City of Moberly - DOR 1% Collection Fee if approved by voters</u>	\$0	\$0 or \$10,242	\$0 or \$15,671
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$0 or up to \$111,572</u></b>	<b><u>\$0 or up to \$170,703</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Potential Revenue Gain - §67.597 - Bates County - Sales Tax for Operation of Hospital if approved by voters - pp. (3-4)</u>	\$0	\$0 or up to \$960,116	\$0 or up to \$1,468,978
<u>Potential Revenue Gain - §67.1003 - City of Cottleville - Potential income from transient guest tax if approved by voters - p. (4)</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain - §67.1003 - City of Weldon Spring - Potential income from transient guest tax if approved by voters - p. (4)</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<u>Potential Revenue Gain</u> - §67.1009 - City of Knob Noster - Potential income from transient guest tax <b>if</b> approved by voters - p. (5)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §67.1013 - City of Harrisonville - Potential income from transient guest tax <b>if</b> approved by voters	\$0	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §67.1013 - City of Jackson - Potential income from transient guest tax <b>if</b> approved by voters - pp. (5-6)	\$0	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §67.1018 - New Madrid County - Potential income from transient guest tax <b>if</b> approved by voters - pp.(6-7)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §67.1360 - City of Richmond - Potential income from transient guest tax <b>if</b> approved by voters - p.(7)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §67.1367 - Ste Genevieve County - Potential income from transient guest tax <b>if</b> approved by voters - pp.(7-8)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §67.1367 - Perry County - Potential income from transient guest tax <b>if</b> approved by voters - pp.(7-8)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §94.900 - City of Joplin - Potential income from Public Safety Sales Tax <b>if</b> approved by voters- pp. (9-10)	\$0	\$0 or up to \$5,866,711	\$0 or up to \$8,976,067

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<u>Potential Revenue Gain</u> - §94.900 - City of Richmond - Potential income from Public Safety Sales Tax <b>if</b> approved by voters - pp. (13-14)	\$0	\$0 or up to \$464,745	\$0 or up to \$711,060
<u>Potential Revenue Gain</u> - §94.900 - City of Hannibal - Potential income from Public Safety Sales Tax <b>if</b> approved by voters - pp. (10-11)	\$0	\$0 or \$1,343,206	\$0 or \$2,055,104
<u>Potential Revenue Gain</u> - §94.900 - City of Sikeston - Potential income from Public Safety Sales Tax <b>if</b> approved by voters - pp. (11-12)	\$0	\$0 or \$1,396,744	\$0 or \$2,137,018
<u>Potential Revenue Gain</u> - §94.900 - City of Moberly - Potential income from Public Safety Sales Tax <b>if</b> approved by voters - pp. (12-13)	\$0	\$0 or \$1,013,981	\$0 or \$1,551,390
<u>Potential Revenue Gain</u> - §94.961 - City of Wentzville - Potential income from transient guest tax <b>if</b> approved by voters - p. (15)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Potential Revenue Gain</u> - §94.1016 - Village of Arrow Rock - Potential income from transient guest tax <b>if</b> approved by voters - pp. (15-16)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<u>\$0 or Unknown</u>	<u>\$0 or could exceed \$11,045,503</u>	<u>\$0 or could exceed \$16,899,617</u>

FISCAL IMPACT – Small Business

Small businesses in certain counties would be impacted if a new tax(es) is approved by voters.

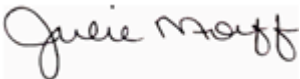
FISCAL DESCRIPTION

The proposed legislation modifies provisions relating to certain local taxes.

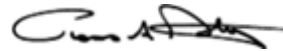
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of Administration - Budget and Planning  
Department of Mental Health  
Callaway County SB 40 Board  
Department of Elementary and Secondary Education



Julie Morff  
Director  
March 19, 2024



Ross Strobe  
Assistant Director  
March 19, 2024