

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5554H.011
Bill No.: HB 2674
Subject: Taxation And Revenue - Sales And Use; Political Subdivisions
Type: Original
Date: February 22, 2022

Bill Summary: This proposal authorizes the City of St. Clair to levy a transient guest tax upon voter approval whose revenues will be dedicated to tourism.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- 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 2023	FY 2024	FY 2025
City of St Clair	\$0	\$0 or Unknown	\$0 or Unknown
Local Government	\$0	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 67.1360 City of St Clair Transient Guest Tax

Oversight was unable to receive a response from St Clair officials; therefore, Oversight was unable to obtain detailed information regarding the number of hotels, room rates, or vacancy rates for accommodations in St Clair. Therefore, Oversight is unable to estimate the amount of revenue that could be generated from the transient guest tax if approved by voters.

Oversight notes the transient guest tax proposed shall not become effective unless the governing body of the City of St Clair submits to its voters a proposal to authorize a transient guest tax and the voters of the St Clair approve the proposal.

Oversight notes the revenue generated as a result of the transient guest taxes collected by the City of St Clair are to be used for the promotion of tourism.

Oversight notes this proposed legislation would allow the governing body of the City of St Clair to impose a tax on the charges for all sleeping rooms paid by transient guests of hotels, motels, bed and breakfast inns, campgrounds and any docking facility that rents slips to recreational boats that are used by transients for sleeping. This proposed legislation permits the transient guest tax to be at least two percent (2%) but not more than five percent (5%) per occupied room per night.

For purposes of this fiscal note, **Oversight** will assume the City of St Clair will put forth the proposal authorized under this proposed legislation at a General Election in November 2022 (Fiscal Year 2023) with such tax beginning July 1, 2023 (Fiscal Year 2024). Therefore, Oversight will report the revenue gain to the City of St Clair beginning in Fiscal Year 2024.

For the purpose of this fiscal note, **Oversight** will report a revenue gain to the City of St Clair ranging from \$0 (St Clair does not propose to its respective voters the transient guest tax or the voters of St Clair reject the proposal) or an unknown revenue increase to the City of St Clair; provided St Clair puts forth a transient guest tax equal to the maximum rate permitted of five percent (5%).

Officials from the **Department of Revenue (DOR)** state transient guest taxes are assessed and collected by the political subdivision and not DOR; therefore, the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary.

Officials from the **Office of Administration - Budget and Planning** note transient guest taxes are not collected by DOR, so there would be no 1% DOR collection fee that would increase TSR.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
CITY OF ST CLAIR			
<u>Revenue Gain</u> - \$67.1360 Transient Guest Tax p. 3-4	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON THE CITY OF ST CLAIR	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

If approved by voters, hotels and other businesses in St Clair who provide transient guest accommodations will be impacted by this proposal.

FISCAL DESCRIPTION

Authorizes the city of St. Clair to levy a transient guest tax upon voter approval whose revenues will be dedicated to tourism.

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

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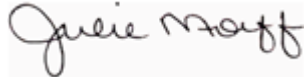
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SOURCES OF INFORMATION

Department of Revenue


Office of Administration - Budget and Planning



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February 22, 2022



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February 22, 2022