

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0418-02
Bill No.: SCS for SB 68
Subject: Taxation and Revenue – General; Taxation and Revenue – Sales and Use;
 Education, Higher; Parks and Recreation
Type: Updated #
Date: March 31, 2005

Updated to reflect information received from the City of St. Louis and Jackson County.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue #	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Various State Funds #	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government #	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Coordinating Board for Higher Education, Department of Economic Development, and Department of Revenue** assume the proposed legislation would have no impact on their agencies.

Officials with **Central Missouri State University, Kansas City Metropolitan Community Colleges, Linn State Technical College, and the University of Missouri System** assume the proposed legislation would have no fiscal impact on their institutions.

Officials with the **Office of Administration – Division of Budget and Planning (BAP)** assume there could be a loss of revenue to the state as a result of this proposal. BAP officials assume the legislation would not have any fiscal impact on their agency.

Oversight assumes that this proposal would exempt from sales tax tickets sold for collegiate championship athletic events held at “neutral sites” that are publicly-owned facilities. **Oversight** assumes this could include intercollegiate championship tournaments and games and other

ASSUMPTION (continued)

“neutral site” contests. Examples would include NCAA basketball Final Four events, NAIA basketball championship tournaments, Big XII Conference tournaments or championship events in various sports, etc.

Such events are most often awarded to cities and venues as a result of a competitive bidding process among cities and venues from a variety of states. Some events are awarded by a contract with a host city for a consecutive number of years; others are rotated to various sites on an annual basis. Historically, Missouri has been competitive in bidding for and receiving such events.

Assuming a venue in Missouri sold 25,000 tickets or passes to such an event at average price of \$100 each, the state sales tax collected would be \$105,625 (\$2.5 million gross ticket sales X 4.225% state sales tax rate). **Oversight** assumes that at least one such event will be held in Missouri every year, therefore it is assumed that sales tax revenues would decrease by an unknown amount exceeding \$100,000 annually.

Oversight acknowledges that such a loss of sales tax revenues could be indirectly offset by increased tourism and taxable spending related to the attraction of additional collegiate athletic events. However, **Oversight** is unable to determine the extent to which additional events would be attracted or will be retained as a result of this legislation. Thus, it not possible to estimate such an impact.

Oversight further assumes that sales tax revenues to local governments would decrease as a result of this proposal.

Officials with the **City of St. Louis** assume that collegiate championship events are operated by not-for-profit organizations and, thus, are not presently paying sales tax on tickets.

Officials with the **Jackson County Sports Complex Authority** assume this proposal would have no negative fiscal or economic impact on its agency.

Based upon the new information received, **Oversight** assumes that state and local sales taxes are not presently being collected on the collegiate championship events outlined in this proposal. As a result, this proposal merely codifies existing practices and eliminates administrative requirements placed upon not-for-profit organizations related to ticket sales. Therefore, **Oversight** assumes no fiscal impact to state or local revenues as a result of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND #			
<u>Loss</u> – General Revenue			
Sales Tax Receipts #	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND #	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
OTHER STATE FUNDS			
<u>Loss</u> – School District Trust Fund			
Sales Tax Receipts #	\$0	\$0	\$0
<u>Loss</u> – Conservation Fund			
Sales Tax Receipts #	\$0	\$0	\$0
<u>Loss</u> – Parks and Soil Funds			
Sales Tax Receipts #	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON ALL OTHER STATE FUNDS #	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss</u> – Various Local Taxing Authorities			
Sales Tax Receipts #	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT #	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

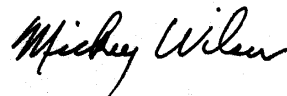
DESCRIPTION

This legislation creates a sales tax exemption for collegiate championship athletic events held in a publicly-owned facility that is considered a “neutral site” and that may reasonably be played at a site located outside the state of Missouri.

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

Coordinating Board for Higher Education
Department of Economic Development
Department of Revenue
Office of Administration
 Division of Budget and Planning
Central Missouri State University
Kansas City Metropolitan Community Colleges
Linn State Technical College
University of Missouri System
City of St. Louis
Jackson County Sports Complex Authority



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March 31, 2005