

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0768-10
Bill No.: HCS for SS for SCS for SB 269
Subject: Capital Improvements; Economic Development; Entertainment, Sports, and Amusements; Historic Preservation; Housing; Kansas City; Libraries and Archives; Saint Louis; Taxation and Revenue – Income; Television; Tourism
Type: Original
Date: April 22, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
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	(Unknown) to Unknown	(Unknown) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Unknown) to Unknown*	(Unknown) to Unknown*

* – Estimated to exceed \$100,000 (subject to appropriation)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 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 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Economic Development – Missouri Arts Council, Department of Public Safety, Department of Transportation, and Office of Administration – Division of Accounting** assume this proposal would have no fiscal impact on their agencies.

Officials with the **Office of Administration – Division of Budget and Planning**, in response to a previous version of this proposal (FN #0768-08/Perfectd SS for SCS for SB 269), assumed that an estimated \$25.5 million in entertainer and athlete tax receipts would be collected by the state in FY06, which could reduce General Revenue if such funds are placed in the Nonresident Entertainer and Athlete Fund.

Officials with the **Department of Revenue (DOR)** assume DOR will have costs associated with the implementation of this legislation, but will absorb such costs from the core budget.

Officials with the **State Treasurer’s Office (STO)**, in response to a previous version of this proposal (FN #0768-08/Perfectd SS for SCS for SB 269), assumed the proposal creates a

ASSUMPTION (continued)

subaccount, segregated from the primary fund for specific purposes. STO assumed it would need 1 Analyst I FTE to monitor such disbursements. **Oversight** assumes STO could monitor such a fund with existing personnel.

Officials from the **Office of Secretary of State (SOS)**, in response to a previous version of this proposal (FN #0768-02/SB 269), assume the proposal may result in the Department of Revenue rescinding, amending, or promulgating rules to implement the provisions of this act.

These rules would be published in the Missouri Register and the Code of State Regulations. These rules could require as many as 20 pages in the Code of State Regulations and half again as many pages in the Missouri Register, as cost statements, fiscal notes, and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23 and the estimated cost of a page in the Code of State Regulations is \$27. Based on these costs, the estimated cost of the proposal is \$1,230 in FY 06 and unknown in subsequent years. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which would require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials with the **Missouri State Library**, in response to a previous version of this proposal (FN #0768-04/SCS for SB 269), assumed the proposal—by reducing from 10% to 4% the amount of funds allocated for the public library network fund—could reduce assistance to public libraries.

Oversight assumes this proposal would adjust the allocation of proceeds from the nonresident entertainer and athlete tax. Under the current statute, the Missouri Arts Council Trust Fund is to receive 60% of the proceeds, and the Missouri Humanities Council Trust Fund, Missouri State Library Networking Fund, Missouri Public Television Broadcasting Corporation Special Fund, and the Missouri Historic Preservation Revolving Fund each receive 10% of the proceeds.

Under this proposal, the Missouri Arts Council Trust Fund would receive 18% of the proceeds from this tax annually and the four other agencies listed above would receive 4% each per year, except for the Historic Preservation Revolving Fund, which would be replaced by a “Missouri Sports Authority Subaccount”, which would allocate funds to sports authorities in Springfield, Joplin, Branson, St. Charles County, and other cities. 6% of the proceeds would be allocated to a

ASSUMPTION (continued)

Missouri Cultural and Arts Trust Fund, which would distribute moneys to a variety of museums, educational centers, foundations, and other cultural entities.

The remaining 60% would be divided annually among these entities: the Jackson County Sports Authority, for the purpose of repair, maintenance, renovation, and replacement of existing sports facilities; the City of St. Louis, for payment of principal, interest, and maintenance of debt service for the Edward Jones Dome, and also to fund other facilities; each county commission that contributes to the fund with revenue generated from nonresident entertainers and athletes, to be used for sports and recreation purposes; and 4% to the Negro League Baseball Museum. Each entity (excepting the Negro League Baseball Museum) would receive pro rata share of the this 60% of the taxes collected, based upon each's proportionate share of revenue generated by the tax.

Oversight assumes that the percentage of the annual estimate of nonresident athlete and entertainer tax revenue that would be available for allocation would be 20% in FY07, 40% in FY08, and 100% in FY09 and fiscal years thereafter. Oversight further assumes that such funding distributions would be subject to appropriation. Such appropriations could result in an increase of revenues to the Jackson County Sports Authority, City of St. Louis, and other local sports authorities. Any distributions under this section to the Edward Jones Dome above the top tier fund allocation would reduce any other appropriations the Dome would receive from General Revenue, thus negating any fiscal impact for that purpose, but not relating to other facilities in St. Louis as outlined in this proposal. The various state funds currently receiving monies from this tax—with the exception of the Historic Preservation Revolving Fund, which is removed from the allocation—could realize either an unknown increase or a decrease in funding as a result of this act, depending on appropriation levels.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
NONRESIDENT ENTERTAINER AND ATHLETE FUND	<u>\$0</u>	<u>\$0**</u>	<u>\$0**</u>
MISSOURI SPORTS AUTHORITY SUBACCOUNT	<u>\$0</u>	<u>\$0**</u>	<u>\$0**</u>
MISSOURI ARTS COUNCIL TRUST FUND	<u>\$0</u>	(Unknown) to <u>Unknown*</u>	(Unknown) to <u>Unknown*</u>
MISSOURI CULTURAL AND ARTS TRUST FUND	<u>\$0</u>	\$0 to <u>Unknown*</u>	\$0 to <u>Unknown*</u>
MISSOURI HUMANITIES COUNCIL TRUST FUND	<u>\$0</u>	(Unknown) to <u>Unknown*</u>	(Unknown) to <u>Unknown*</u>
MISSOURI PUBLIC TELEVISION BROADCASTING CORPORATION SPECIAL FUND	<u>\$0</u>	(Unknown) to <u>Unknown*</u>	(Unknown) to <u>Unknown*</u>
MISSOURI HISTORIC PRESERVATION REVOLVING FUND	<u>\$0</u>	\$0 to <u>(Unknown)*</u>	\$0 to <u>(Unknown)*</u>

* – Estimated to exceed \$100,000 (subject to appropriation)

** – Net of potential transfers to and from funds

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
Income – Local Political Subdivisions			
Entertainer and Athlete Tax Allocations	<u>\$0</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>\$0</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This legislation requires the Department of Revenue to annually estimate the amount of revenue collected from the athletes and entertainers tax . Once collected, the revenue from such tax will be deposited in the "Nonresident Entertainer and Athlete Fund", which is created by this act.

For fiscal year 2007 and each fiscal year thereafter, an annual allocation of eighteen percent of the available amount of the total annual estimate of revenue derived from the tax shall be made to the Missouri Arts Council Trust Fund.

For fiscal year 2007 and each fiscal year thereafter, annual allocations of six percent of the available amount of the total annual estimate of revenue derived from the tax will be made to the Missouri Cultural and Arts Trust Fund which is created by this act. Subject to appropriation, monies in the Missouri Cultural and Arts Trust Fund will be allocated as follows: twelve and a half percent to the St. Louis Black Repertory Theatre; twelve and a half percent to the Negro League Baseball Museum in Kansas City. The remaining seventy-five percent will be allocated equally among: the Juneteenth Heritage and Jazz Festival Foundation; The Better Family Life Cultural Center and Museum; The Black World Museum; The Harambee Institute; The Portfolio Gallery and Educational Center; The Bruce Watkins Cultural Heritage Center and Museum; The Museum of Black Inventors; The Black Archives of Mid-America; The American Jazz Museum; The Gem Cultural and Educational Center; The W.E.B Dubois Learning Center; The Carr Square Tenant Corporation; The Reel Images Film and Video Group; The Mutual Musicians Foundation, Inc.; and the Mid City Excellence Community Learn Center.

For fiscal year 2007 and each subsequent fiscal year, four percent of the available amount of the annual estimate of taxes generated by the non-resident entertainers and athletes tax will be allocated to the Missouri Humanities Council Trust Fund. Four percent of the available amount of the annual estimate of taxes generated by the non-resident entertainers and athletes tax will be allocated to the secretary of state for distribution to public libraries for acquisition of library materials. Four percent of the available amount of the annual estimate of taxes generated by the non-resident entertainers and athletes tax will be allocated to the Missouri Public Television Broadcasting Corporation Special Fund.

Four percent of the available amount of the total annual estimate of revenue will be placed into a subaccount, known as the Missouri sports authority subaccount, within the nonresident

DESCRIPTION (continued)

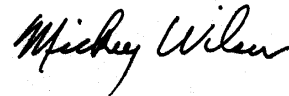
entertainer and athlete fund. The funds in the Missouri sports authority subaccount will be allocated, conditioned upon local matching of the funds, as follows: 1) twenty-two percent of to the Springfield Sports Commission; 2) sixteen percent to the Joplin Sports Authority; 3) eight percent to the Branson Sports Authority; 4) twenty-three percent split equally between the St. Charles County Convention and Sports Facility and the St. Charles Family Arena Humanities Council Trust Fund; two percent to the Lake St. Louis Unlimited Play handicap accessible playground facility. For fiscal year 2007, the Joplin Sports Authorities allocation percentage will be supplanted by a four hundred thousand dollar grant from the subaccount with no local matching requirement.

The act further provides that for fiscal year 2007, and each subsequent fiscal year, the remaining sixty percent of the available amount of the total annual estimate of revenue derived from the tax will be distributed as follows: four percent to the Negro League Baseball Museum in Kansas City; five percent to the state school moneys fund; the Jackson County Sports authority, the city of St. Louis, the Edward Jones Dome and to each county commission in an amount proportionate to each entities contribution to the fund. Any distributions under this section to the Edward Jones Dome will be in lieu of any other appropriations the Dome would receive from General Revenue. Any funds remaining after the annual allocations have been made will revert to the credit of the general revenue fund.

For fiscal year 2007, all allocations provided under this act will be limited to twenty percent of the total annual estimate of revenue derived from the tax. For fiscal year 2008, all allocations provided under this act will be limited to forty percent of the total annual estimate of revenue derived from the tax. For fiscal year 2009, and each subsequent fiscal year, the allocations provided under this act will be made from one-hundred percent of the total annual estimate of revenue derived from the tax.

SOURCES OF INFORMATION

Department of Economic Development
 Missouri Arts Council
Department of Public Safety
 Missouri State Highway Patrol
Department of Revenue
Department of Transportation
Office of Administration
 Administrative Hearing Commission
 Division of Accounting
 Division of Budget and Planning
Office of Secretary of State
 Missouri State Library
State Treasurer's Office



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