

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0869-01  
Bill No.: HB 470  
Subject: Entertainment, Sports and Amusements; Taxation and Revenue - Income;  
Revenue Dept.  
Type: Original  
Date: February 22, 2011

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Bill Summary: Would exempt not-for-profit organizations from the nonresident entertainers tax withholding requirement under certain conditions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

SOS officials also stated that this proposal could reduce the amount available to be appropriated to public libraries through the Nonresident Athletes and Entertainers Tax program.

Officials from the **Office of the State Treasurer** and the **Department of Revenue** assume this proposal would have no fiscal impact to their organizations.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would not result in additional costs or savings to their organization.

BAP officials stated that this proposal would exempt non-profit firms from remitting the withholding tax from a non-resident entertainers' income. However, the proposal does not exempt the entertainer from any subsequent income tax liability. Therefore, this proposal has no impact on general and total state revenues.

Officials from the **Department of Economic Development, Missouri Arts Council (MAC)** assume this proposal could reduce compliance with the Nonresident Athletes and Entertainers Tax program. This, obviously, would have a negative impact on the Missouri Arts Council since 60% of those revenues are intended for this agency.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would exempt not-for-profit entities from collecting and remitting the nonresident athletes and entertainers tax which would result in a decrease of revenue.

ASSUMPTION (continued)

DNR officials stated that ten percent of the Nonresident Athletes and Entertainers Tax is allocated annually to historic preservation transferred from the General Revenue Fund to the Historic Preservation Revolving Fund, to be made available for historic preservation efforts.

Therefore, exempting not-for-profit entities from collecting and remitting the nonresident athletes and entertainers tax would result in a reduction of the funding amount available to address Missouri's historic preservation efforts.

**Oversight** notes that most performances by an entertainer at an event for a not-for-profit organization would be fund-raising events for that organization and this proposal would not exempt that payment from withholding. Oversight assumes that the circumstances under which a not-for-profit organization would pay an entertainer for a performance without realizing any benefit would be limited. Accordingly, Oversight assumes that any impact on Nonresident Athletes and Entertainers Tax collections would be minimal, and for fiscal note purposes Oversight will indicate no impact for this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<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.

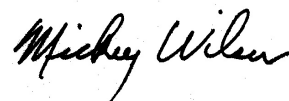
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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

Office of the Secretary of State  
Office of the State Treasurer  
Office of Administration  
    Division of Budget and Planning  
Department of Economic Development  
    Missouri Arts Council  
Department of Natural Resources  
Department of Revenue



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February 22, 2011