

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0844-01
Bill No.: Truly Agreed To and Finally Passed HB 316
Subject: Tourism; Economic Development; Economic Development Department
Type: Original
Date: May 28, 2013

Bill Summary: This proposal extends the expiration date of the Division of Tourism Supplemental Revenue Fund from the year 2015, to 2020.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0	\$0	(Up to \$3,000,000)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	(Up to \$3,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Division of Tourism Supplemental Revenue*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

* Revenue and expenses net to zero.

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration - Budget and Planning** assume this proposal extends the sunset on the statutory funding formula for the Division of Tourism Supplemental Revenue Fund from 2015 to 2020. There is no impact to General or Total State Revenue.

Officials at the **Department of Economic Development - Division of Tourism (MDT)** assume this proposal provides for the extension of the sunset clause in Section 620.467, RSMo. The statute will currently sunset on June 30, 2015. This proposal would extend that sunset for five years. Extending this sunset will allow MDT to continue promoting the tourism industry, resulting in additional state tax revenue for Missouri.

Section 620.467, RSMo, incorporates a formula that determines the amount of General Revenue funding to be transferred into the Tourism Supplemental Revenue Fund (TSRF) by monitoring the sales tax growth in 17 tourism-related SIC codes. The formula only provides for additional funding if the tax growth in the 17 tourism-related SIC codes exceeds three percent. One half of the sales tax growth in these SIC codes after it exceeds three percent will be used to determine the amount of increase in the General Revenue transfer to the TSRF. The formula further provides that the growth cannot exceed \$3 million in any one year. This increase is added to the prior year's funding to determine the new level of funding for the TSRF.

The TSRF provides for the funding of the MDT and its marketing efforts. Independent research has shown that the impact of the marketing efforts by MDT has generated \$3.22 in state tax revenue for every dollar in the division's budget. With a \$3.22 return on investment, MDT's FY13 appropriation of \$13 million is expected to generate \$41.86 million in state tax revenues for Missouri. With a funding increase of up to \$3 million per year for each additional year that the funding formula is implemented, the state tax revenue collected by Missouri each year can be expected to increase up to \$9,660,000 over the prior year's collections.

Officials at the **Department of Revenue** and the **Office of State Treasurer** each assume there is no fiscal impact to their organization from this proposal.

Oversight assumes the extension of the existing program in this proposal may have a positive impact on tourism in this state. However, Oversight considers this to be an indirect impact of the proposal and will not reflect it in the fiscal note. Oversight will show the transfer of money from General Revenue to the Division of Tourism Supplemental Revenue Fund using the \$3 million estimate provided by the Division of Tourism.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Transfer Out</u> - to the Division of Tourism Supplemental Revenue Fund	<u>\$0</u>	<u>\$0</u>	<u>(Up to \$3,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>(Up to \$3,000,000)</u>
 DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND			
<u>Transfer In</u> - from General Revenue	\$0	\$0	Up to \$3,000,000
<u>Cost</u> - promoting the tourism industry	<u>\$0</u>	<u>\$0</u>	<u>(Up to \$3,000,000)</u>
ESTIMATED NET EFFECT ON DIVISION OF TOURISM SUPPLEMENTAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses in the tourism sector may be positively impacted by the proposal.

FISCAL DESCRIPTION

This bill extends the expiration date on the Division of Tourism Supplemental Revenue Fund from June 30, 2015, to June 30, 2020.

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 Economic Development
Division of Tourism
Department of Revenue
Office of Administration
Budget and Planning
Office of State Treasurer



Ross Strope
Acting Director
May 28, 2013