

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4582-03
Bill No.: SCS for HB 1698
Subject: Economic Development; Economic Development, Department of
Type: Original
Date: April 15, 2015

Bill Summary: This proposal establishes incentives to attract major out-of-state conventions to Missouri.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| General Revenue | \$0 to (\$3,000,000) | \$0 to (\$3,000,000) | \$0 to (\$3,000,000) |
| Total Estimated Net Effect on General Revenue | \$0 to (\$3,000,000) | \$0 to (\$3,000,000) | \$0 to (\$3,000,000) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| Major Economic Convention Event in Missouri* | \$0 | \$0 | \$0 |
| Total Estimated Net Effect on Other State Funds | \$0 | \$0 | \$0 |

*Transfer In and Cost 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 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2017 | FY 2018 | FY 2019 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version of this proposal, officials at the **Department of Economic Development's Division of Tourism (MDT)** assume the Division would be responsible for administering this program. MDT assumes they would create an application form, review applications, make recommendations to the director of DED, issue certificates of approval, include a new decision item for appropriations with our budget submission, disburse all grants pursuant to the certificates of approval, review the final reports submitted by grant recipients, and determine whether a refund to the state is needed. MDT assumes these additional duties could be absorbed within existing resources.

Officials at the **Office of the State Treasurer** assume no fiscal impact from this proposal to their organization.

Oversight notes this proposal states all approved grants scheduled for disbursement each year shall be disbursed from the general revenue fund subject to appropriation by the general assembly. Any such appropriation shall not exceed three million dollars in any year. Therefore, Oversight will show the fiscal impact as \$0 (no appropriation made) to \$3,000,000.

Oversight notes §620.1620.5 of this proposal states the DED shall not approve any submitted major convention plan unless such designee finds that there is significant evidence that the positive net fiscal impact to general revenue of the state through any an all taxes attributable to the major convention event exceeds the amount of the major convention grant. However, Oversight considers these benefits to be an indirect effect of the proposal and have not reflected them in the fiscal note.

| <u>FISCAL IMPACT - State Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
|--|------------------------------------|------------------------------------|------------------------------------|
| GENERAL REVENUE | | | |
| <u>Transfer Out</u> - Major Economic Convention Event in Missouri Fund | \$0 to <u>(\$3,000,000)</u> | \$0 to <u>(\$3,000,000)</u> | \$0 to <u>(\$3,000,000)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>\$0 to (\$3,000,000)</u> | <u>\$0 to (\$3,000,000)</u> | <u>\$0 to (\$3,000,000)</u> |

MAJOR ECONOMIC CONVENTION EVENT IN MISSOURI FUND

| | | | |
|---|--------------------------|--------------------------|---------------------------|
| <u>Transfer In</u> - General Revenue | \$0 to... \$3,000,000 | \$0 to... \$3,000,000 | \$0 to ... \$3,000,000 |
| <u>Cost</u> - grants for major convention plans | <u>(\$3,000,000)</u> | <u>(\$3,000,000)</u> | <u>(\$3,000,000)</u> |

ESTIMATED NET EFFECT ON THE MAJOR ECONOMIC CONVENTION EVENT IN MISSOURI FUND

| | | | |
|---|---------------------|-------------------|-------------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2017 (10 Mo.) | FY 2018 | FY 2019 |
| | <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

This bill establishes the Meet in Missouri Act and creates the Major Economic Convention Event in Missouri Fund for the administration of the act. For major convention plans that meet all the requirements of the act, a grant must be paid by the Department of Economic Development to the eligible commission.

The department director must not issue a grant until he or she has approved a written major convention plan submitted by an eligible commission. The plan must meet specified conditions

FISCAL DESCRIPTION (continued)

before it can be approved.

The department director must annually request that the General Assembly appropriate an amount equal to the total of all approved grants scheduled for disbursement that year. The appropriation cannot exceed \$3 million in any year.

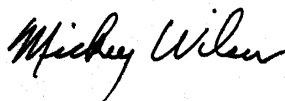
Within 180 days of the conclusion of any major convention event for which a grant was disbursed, the commission that received the grant must provide a written report to the department director detailing the final amount of eligible event costs incurred and the attendance figures. If the actual attendance figures for the event is less than the 50% requirement but more than 25%, the commission must refund a portion of the grant equal to the excess received that is greater than the actual percentage of out-of-state attendance. If 25% or less of the attendees meet the requirement, the entire amount of the grant must be refunded.

The proposal contains a sunset clause.

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's Division of Tourism
Office of the State Treasurer



Mickey Wilson, CPA
Director
April 15, 2015

Ross Strobe
Assistant Director
April 15, 2015