

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4922-02
Bill No.: Perfected SCS for SB 800
Subject: Economic Development
Type: Original
Date: March 1, 2016

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

Officials at the **Department of Economic Development's Division of Tourism (MDT)** and the **Office of the State Treasurer** each assume no fiscal impact from this proposal to their respective organizations.

Oversight notes this proposal states the Director of the Department of Economic Development shall annually request that the General Assembly make an appropriation from the General Revenue fund to the fund in an amount equal to the aggregate total of all approved grants scheduled for disbursement that year. 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 assumes this program would have a positive impact on Missouri and certain local political subdivisions from sales tax revenue and lodging tax revenue. Oversight considers these to be indirect benefits of the program and will not reflect them on this note.

Senate Amendment 1, as amended

MDT assumes Senate Amendment 1 will have no fiscal impact.

Senate Amendment 2

MDT assumes Senate Amendment 2 will have no fiscal impact.

Senate Amendment 3

MDT assumes Senate Amendment 3 will have no fiscal impact.

<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</u> <u>(\$3,000,000)</u>	<u>\$0 to</u> <u>(\$3,000,000)</u>	<u>\$0 to</u> <u>(\$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	\$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 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 act establishes incentives to attract conventions to Missouri. Eligible local convention and tourism commissions may submit major convention plans to the director of the Department of Economic Development. If the plans are approved by the director, then a grant shall be paid from the newly created Major Economic Convention Event in Missouri Fund to the commission. The commission shall hold such funds until the major convention event has occurred and a required

FISCAL DESCRIPTION (continued)

report has been submitted to the Department.

A major convention plan shall be approved by the director until certain conditions, as described in the act, are met. The conditions include that the convention event will occur no more than five years from the date of application, that the commission is competing for the event against non-Missouri cities, and the economic benefit to the state exceeds the amount of the grant. The amount of any grant shall not exceed fifty percent of the cost of hosting the event or one million dollars, whichever is less.

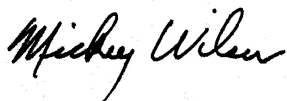
At the conclusion of the event, the commission shall issue a report to the director detailing the final amount of convention costs incurred and actual attendance figures. If the final amount of convention costs is less than the amount of the grant, then the act sets forth the amounts that the commission must refund from the grant amount. Any refunded amounts shall be returned to the fund and used for future grants.

The proposal has 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
March 1, 2016

Ross Strobe
Assistant Director
March 1, 2016