

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5294-03  
Bill No.: CCS for HCS for SB 773  
Subject: Taxation and Revenue - Income  
Type: Original  
Date: May 17, 2018

---

Bill Summary: This proposal modifies the law regarding taxation.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
General Revenue	\$0 or (Up to \$30,000,000)	\$0 or (Up to \$30,300,000)	\$0 or (Up to \$30,603,000)	(Could Exceed \$33,909,030)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Up to \$30,000,000)</b>	<b>\$0 or (Up to \$30,300,000)</b>	<b>\$0 or (Up to \$30,603,000)</b>	<b>(Could Exceed \$33,909,030)</b>

**Note:** The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the increase in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 21 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Fully Implemented (FY 2022)</b>
MO Arts Council Trust Fund	\$0	\$0	\$0	\$24,480,000
Library Networking	\$0	\$0	\$0	\$4,080,000
MO Humanities Council Trust	\$0	\$0	\$0	\$4,080,000
MO Public Broadcasting Corp Special Fund	\$0	\$0	\$0	\$4,080,000
Historic Preservation Revolving Fund	\$0	\$0	\$0	\$4,080,000
Economic Development Advancement Fund	\$0	Up to \$1,800,000	Up to \$1,800,000	Up to \$1,800,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>Up to \$1,800,000</b>	<b>Up to \$1,800,000</b>	<b>Up to \$42,600,000</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Fully Implemented (FY 2022)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
FUND AFFECTED	FY 2019	FY 2020	FY 2021	Fully Implemented (FY 2022)
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §32.087 Local Sales Tax

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this section would change the local sales and use tax laws regarding motor vehicles. Any changes made to local rates or items taxed must still be voter approved. Therefore, B&P estimates that this proposal will not have a statewide, Total State Revenue, or 18(e) impact.

Officials at the **St. Louis County** assume there is no fiscal impact from this proposal.

#### §32.315 DOR Annual Report

Officials at the **B&P** assume this section requires DOR to issue an annual report listing all sales and levies that meet certain requirements. B&P estimates that this proposal will not have a statewide, Total State Revenue, or 18(e) impact.

Officials at the **Department of Revenue (DOR)** shall issue an annual report on or before January 1, 2019, and every January 1 thereafter, listing all sales and use levies that are:

1. Authorized pursuant to state law.
2. Collected by the Department of Revenue.
3. Approved by voters at an election.

The report required under subsection 1 of this section shall indicate the provision of law authorizing such tax levy. DOR assumes this would not have a fiscal impact to the Department.

#### §67.3000 Amateur Sporting Ticket Sales and the §67.3005 Amateur Sporting Contribution

Officials at the **B&P** assume this proposal makes multiple changes to the sports contribution tax credit. It expands the credit to additional college level sporting events, it expands the credit to participant-based events, requires the actual number of tickets or participants to be used when determining the credit amount, and it extends the sunset date from 2018 to 2024.

In addition, B&P notes that this proposal limits the tax credits to \$2,700,000, per year, for Jackson County, St. Louis County, and St. Louis City. This could increase Total State Revenue and General Revenue if this reduces the amount of credits that would otherwise have been awarded.

This proposal may increase Total State Revenue. This proposal may impact the calculation under Article X, Section 18(e).

ASSUMPTION (continued)

Officials at the **Department of Economic Development (DED)** assume that it amends the Sporting Event Tax Credit to include “collegiate” events. It makes other changes but leaves the cap on the program at \$2.7 million annually. It extends the sunset from 2019 to 2024. The impact will be \$2.7 million annually starting FY 2019. DED will need to hire one Economic Development Incentive Specialist III (\$53,136) to administer the program.

**Oversight** notes this proposal extends the sunset on an existing program and expands the credit to allow \$10 for every paid participant registration. However, the cap on the program is unchanged. DED should be able to absorb the duties of the proposal with existing resources.

**Oversight** notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Amateur Sporting Ticket Sales tax credit program (§67.3000) had the following activity;

	FY 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Certificates Issued	6	3	15	10	10
Projects	8	3	15	10	10
Amount Authorized	\$728,708	\$942,800	\$5,296,200	\$2,200,000	\$1,800,000
Amount Issued	\$585,735	\$237,050	\$2,175,700	\$2,035,825	\$1,500,000
Amount Redeemed	\$38,610	\$17,800	\$1,316,815	\$500,000	\$500,000

Amount Outstanding - \$1,078,135      Amount Authorized but Unissued - \$3,918,305

**Oversight** notes this proposal would extend this tax credit from August 28, 2019 to August 28, 2024. This credit is given for 100% of eligible costs or \$5 per admission ticket. This proposal expands the credit to allow \$10 for every paid participant registration. This tax credit has a \$3 million annual cap. This proposal places a limit on all events located in certain areas of the state of \$2.7 million of the total. Per Oversight fiscal note policy, the fiscal note will reflect the extension of this tax credit starting in FY 2022.

**Oversight** notes that this tax credit requires approval of the sports contract prior to the event being held. Once the event is held and costs are submitted to the agency the credits are issued. Due to the lag time between authorization and issuance of these credits, Oversight assumes the extension of the credit would begin in FY 2022.

ASSUMPTION (continued)

**Oversight** notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Amateur Sporting Contribution tax credit (§67.3005) program had the following activity;

	FY 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Certificates Issued	7	0	13	7	7
Projects	7	0	13	7	7
Amount Authorized	\$14,000	\$20,000	\$18,750	\$20,000	\$20,000
Amount Issued	\$14,000	\$0	\$39,250	\$20,000	\$20,000
Amount Redeemed	\$0	\$0	\$12,500	\$15,000	\$15,000

Amount Outstanding - \$40,750      Amount Authorized but Unissued - \$110,000

**Oversight** notes this tax credit is a prepay credit. A person makes a donation to an eligible organization and half the payment is sent to the state by the organization. Upon receipt of the payment by the State, the tax credit is issued. Oversight notes that since the payment is received in advance of the issuance of the tax credit, extending this credit would not fiscally impact the State.

§143.183 Athlete & Entertainers (A&E) tax

Officials at the **B&P** assume this proposal extends the Athletes and Entertainers tax through tax year 2030. The tax is currently set to expire on December 31, 2020 (FY 2021). This proposal will not impact Total State Revenue or the calculation under Article X, Section 18(e).

In response to the previous version, officials at the **Office of the Secretary of State** assume B&P annually provides the estimated revenue figures for the Out of State Athlete and Entertainer Income Tax. The top income tax rate is currently 6%, and it is assumed that most individuals subject to this tax are assessed at that rate.

In FY 2018, it is estimated \$40,800,000 will be collected with \$800,000 used to support collection development at local public libraries. If the expiration on this tax is extended, it is estimated \$20,400,000 will be collected in FY 2021 (\$400,000 for public libraries) and \$40,800,000 (\$800,000 for public libraries) collected annually through December 31, 2030.

Officials at the **Department of Natural Resources** assume that currently, for all tax years on or after January 1, 1999, through December 31, 2020, the Office of Administration estimates annually the amount of the nonresident athlete and entertainer tax collected. This proposal would

ASSUMPTION (continued)

extend the December 31, 2020 expiration date of the nonresident entertainer and professional athletic team income tax to December 31, 2030.

Subject to appropriation, ten-percent of this tax is allocated annually and transferred from General Revenue to the Historic Preservation Revolving Fund to be made available for historic preservation efforts. This proposed legislation would allow the department to continue historic preservation efforts in Missouri. The potential impact would be outside the fiscal impact period.

Officials at the **Department of Economic Development** and the **Missouri Arts Council** each assume there is no fiscal impact from this proposal.

**Oversight** notes that §143.183, allows for the revenues from the nonresident tax on athletes and entertainers to be distributed to cultural entities in Missouri - 60% of the funds to the Missouri Arts Council Trust Fund (0262); and 10% each to the Library Networking Fund ( 0822) for public libraries to purchase library materials; 10% to the Missouri Humanities Council Trust Fund (0177); 10% to the MO Public Broadcasting Corporation Special Fund (0887) for public television and public radio stations; and 10% to the Missouri Department of Natural Resources for the Missouri Historic Preservation Revolving Fund (0430). Extending the expiration on this tax from December 31, 2020 (FY 2021) to December 31, 2030 (FY 2031) would continue this revenue source to these funds.

The nonresident tax on athletes and entertainers has brought in the following amounts:

FY 2018 (as of date)	\$22,036,517
FY 2017	\$36,881,364
FY 2016	\$41,798,273
FY 2015	\$41,079,962
FY 2014	\$35,585,312

Using the projected estimated of FY 2018 of \$40,800,000 the funds would receive the following amounts:

Missouri Arts Council Trust Fund	\$24,480,000
Library Networking Fund	\$ 4,080,000
Missouri Humanities Council Trust Fund	\$ 4,080,000
MO Public Broadcasting Corporation Special Fund	\$ 4,080,000
Missouri Historic Preservation Revolving Fund	\$ 4,080,000

ASSUMPTION (continued)

Per fiscal note policy, **Oversight** will show the impact to these funds beginning in FY 2022.

§143.451 Intercompany Transactions

Officials at the **B&P** assume this proposal states that sales and business transactions shall not include intercompany transactions between corporations that file a consolidated return. B&P notes that under this proposal some corporations filing a consolidated return may have a positive impact on their tax liability, while others may have a negative impact to their tax liability. B&P is unable to determine which impacts, in the aggregate, would be greater. Therefore, due to these data limitations, B&P cannot estimate an exact impact from this proposal. However, this proposal may have an unknown impact on Total State Revenue and General Revenue.

§253.545 - §253.559 Historic Preservation Tax Credit

Officials at the **B&P** assume §253.550.2(1) would impose a \$90.0 million cap on the Historic Preservation Tax Credit, which may be increased by any amount for tax credits that were initially approved, but then rescinded by the Department of Economic Development. The current cap is \$140.0 million; but B&P notes the average amount of authorizations over the last three fiscal years is \$114.0 million.

Section 253.545.1(7) adds a definition for qualified census tract and directs DED to create a map showing census tracts by varying amounts of poverty. Section 253.550.2(2) would allow an additional \$30 million in historic preservation credits to be authorized for projects in qualified census tracts.

B&P notes that combining the two caps under Sections 253.550.2(1) of \$90 million and 253.550.2(2) of \$30 million would be greater than the current average authorizations of \$114.0 million, but less than the current authorization cap of \$140.0 million. Therefore, B&P estimates that these provisions will have no direct impact to Total State Revenue or General Revenue.

Section 253.550.2(3) would adjust the \$90 million authorization cap for inflation if the maximum amount of credits were authorized under both Sections 253.550.2(1) and 253.550.2(2) in the preceding fiscal year. B&P notes that this will erode the savings from lowering the cap under Section 253.550.2(1) and may result in a negative impact to Total State Revenue and General Revenue over time.

Section 253.559 adds additional requirements for historic preservation applications and additional requirements for DED to use when evaluating historic preservation applications.



ASSUMPTION (continued)

Section 253.559 also lowers the time rehabilitation must commence from the current two years down to nine months.

Officials at the **DED** assume this changes the historic tax credit. It lowers the cap to \$60 million beginning 7-1-18, but can issue an additional \$30 million for projects in a "qualified census tract" which is an area of land with 30% poverty. For each year on or after 7-1-18, the cap is adjusted by the increase in the CPI for All Urban Consumers if the cap is reached the previous year.

The impact is complicated. Lowering the historic cap to \$90 million, increased by the CPI for Urban Consumers (1.5%) each year less the economic benefit the state receives for the savings results in the first line of the chart below. The 4% fee on the historic credits results in income in line 2 below.

	Year 1	Year 2	Year 3
<b>Historic Savings</b>	37,500,000	36,487,500	35,459,812.50
<b>4% Fee Revenue</b>	3,600,000	3,654,000	3,708,810
<b>Total</b>	41,100,000	40,141,500	39,168,662.50

Officials at the **DNR** assume DED tracks the financial side of the historic preservation tax credit program and SHPO assists with the rehab design review; therefore, DED is in a better position to quantify the potential economic impacts of limiting tax credits. With the possibility of a reduced program there may continue to be a rush on the available funds, bringing an increased number of projects and greater workload to the SHPO prior to June 30, 2018, due to the uncertainty of future funding and credit availability.

Officials at the **DOR** assume for each fiscal year beginning on or after July 1, 2010, but ending before June 30, 2018, the Department of Economic Development shall not approve applications for tax credits under the provisions of subsections 4 and 9 of Section 253.559 which, in aggregate, exceed ninety million dollars, increased by any amount of tax credits for which approval shall be rescinded under the provisions of Section 253.559.

For each fiscal year beginning on or after July 1, 2018, the Department shall authorize an amount up to, but not to exceed, an additional thirty million dollars in tax credits issued under subsections 4 and 9 of Section 253.559, provided that such tax credits are authorized solely for projects located in a qualified census tract.

ASSUMPTION (continued)

For each fiscal year beginning on or after July 1, 2018, if the maximum amount of tax credits allowed in any fiscal year as provided under subdivisions (1) and (2) of this subsection is authorized, the maximum amount of tax credits allowed under subdivision (1) of this subsection shall be adjusted by the percentage increase in the Consumer Price Index for All Urban Consumers, or its successor index, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. Only one such adjustment shall be made for each instance in which the provisions of this subdivision apply. The director of the Department of Economic Development shall publish such adjusted amount.

When fully implemented, the Department estimates that this proposed legislation would increase state revenues by an estimated \$20 million each fiscal year due to the reduction in the Historic Preservation Tax Credit cap.

Fiscal Year	Impact
	General Revenue
FY19	\$20,000,000
FY20	\$20,000,000
FY21	\$20,000,000
FY22	\$20,000,000

In response to similar legislation filed this year, officials at the **Department of Insurance, Financial Institutions and Professional Registration** assumed a potential positive unknown impact to premium tax revenues may occur as a result of the change to the Historic Preservation Tax Credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year.

ASSUMPTION (continued)

**Oversight** notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Historic Preservation tax credit program had the following activity:

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Certificates Issued	142	158	154	210	162
Projects	118	128	210	182	113
Amount Authorized	\$93,923,652	\$146,635,429	\$97,136,287	\$90,749,410	\$154,152,770
Amount Issued	\$71,495,994	\$41,791,636	\$53,206,338	\$59,590,351	\$85,136,859
Amount Redeemed	\$78,814,711	\$59,829,671	\$47,638,886	\$57,496,338	\$49,742,927

Amount Outstanding - \$102,834,919    Amount Authorized but Unissued - \$341,073,841

**Oversight** notes that starting July 1, 2018, the cap is lowered from \$140 million to \$90 million. Oversight notes a portion of the proposal lowers the cap on the Historic Preservation Tax Credit. Oversight assumes a reduction in the authorization cap would take place immediately; however, due to the lag time between the authorization, issuance and redemptions of the credits that reduction may not be felt for several years. This credit requires that prospective taxpayers apply for the tax credit prior to construction at which time they are authorized tax credits. Prospective taxpayers would apply for the authorization of the new reduced cap credits starting after July 1, 2018 (FY 2019). The projects generally have a two year build cycle before completion and issuance of the credits. Therefore, projects approved after July 1, 2018 would not generally result in tax credits issued until after the end of FY 2020, and would not be able to be redeemed until FY 2021.

When determining the impact of a cap change on tax credit legislation, Oversight reflects the amount of increased revenue to the State as the difference between the new cap and the average amount issued over the last five years. In this case, the new cap of \$90 million is higher than the five year issue average of \$62,244,236. Therefore, Oversight assumes the changes in the proposal would not result in a savings to the State in the three year window of the fiscal note.

**Oversight** notes the current cap on the Historic Preservation tax credit is \$90 million annually. This proposal in §253.550.2 would allow the cap on the credit to be adjusted by the percentage increase in the Consumer Price Index beginning on July 1, 2018. The U.S. Department of Labor shows the Consumer Price Index as follows:

ASSUMPTION (continued)

Year	Consumer Price Index
2016	.8
2015	-.5
2014	1.5
2013	1.4
2012	2.0

Source: U.S. Department of Labor

**Oversight** notes the five year average of the Consumer Price Index is 1%. Oversight will show the impact as Could Exceed the estimate of a 1% growth rate which is recalculated below.

	Average Annual Increase 1%	Annual Cap	Potential Cumulative Cap Increase over FY 2019
FY 19 Historic Preservation Tax Credit	-	90,000,000	-
Potential FY 2020 Increase	900,000	90,900,000	900,000
Potential FY 2021 Increase	909,000	91,809,000	1,809,000
Potential FY 2022 Increase	918,090	92,727,090	2,727,090
Potential FY 2023 Increase	927,271	93,654,361	3,654,361
Potential FY 2024 Increase	936,544	94,590,905	4,590,905
Potential FY 2025 Increase	945,909	95,536,814	5,536,814
Potential FY 2026 Increase	955,368	96,492,182	6,492,182

As **Oversight** noted above, since the new cap is still higher than the five year average we do not show an impact from the cap change in the fiscal note. Since this inflation factor will continue to raise that cap, we will not show a fiscal impact from this proposal.

**Oversight** notes that this proposal in §253.550.2 authorizes an additional \$30 million historic preservation tax credit for properties in a qualified census tract. Oversight will show the impact to the state as the additional expense of \$0 or Up to \$30,000,000.

ASSUMPTION (continued)

**Oversight** notes this new \$30 million historic preservation credit is also subject to an inflation factor based on the CPI. Therefore, Oversight will show the additional expense to the state in future years based on the inflated rate.

§620.1900 Economic Development Advancement Fund

Officials at the **B&P** assume this section would increase the fee DED may charge from 2.5% to 4% on the tax credits issued under Sections 253.545 to 253.559 (Historic Structures Rehabilitation) and directs 37.5% of the fee to business recruitment and marketing activities. The fee is to be deposited into the Economic Development Advancement Fund. B&P notes that the additional 1.5% fee would apply to only the Historic Preservation tax credits. The three-year average of issued Historic Preservation Credits was \$66.0 million from FY 2015-FY2017. Therefore, B&P estimates that this provision will increase Total State Revenue by \$1.0 million beginning in FY2019.

Officials at the **DED** assume this adds the 4% fee for historic projects; requires that 37.5% of the proceeds from the 4% fee "be appropriated from the economic development advancement fund for business recruitment and marketing".

Officials at the **DOR** assume this proposed legislation allows for the Missouri Department of Economic Development to increase its fee to the recipient of any Historic Preservation Tax Credit from 2 ½ to 4 percent. The Department estimates this will increase the fee collected by an estimated \$508,980. The average amount issued for FY(s) 15, 16, 17 was approximately \$33,931,978. The Department would have collected an estimated \$848,299 at 2 ½ percent and an estimated \$1,357,279 at 4 percent.

This \$1,357,279 would be deposited into the Economic Development Advancement Fund. After deposited, 37 ½ percent of this fee that has been deposited would be appropriated from the Economic Development Advancement Fund for business recruitment and marketing. This would amount to an estimated \$508,980. Therefore, the total amount remaining in the Economic Development Advancement Fund would be \$848,299. Subsequently, there is no impact to Total State Revenue.

Officials at the **DNR** assume that presently, the Department receives funds transferred from the Economic Development Advancement Fund (0783) for historic preservation operations through an approved line item in the annual budget (HB 6). This funding is derived from the tax credit application fees DED collects and is transferred to DNR for the assistance the SHPO provides in reviewing historic tax credit projects. This bill proposes to direct the application fees to other sources for different purposes: 37.5 percent for business recruitment, etc., 50% for marketing,

ASSUMPTION (continued)

and the remainder to DED (p, 52-53). It does not appear that the funds usually transferred to the DNR/SHPO would continue to be available unless that provision is found elsewhere. For FY 2018, this amounts to \$113,808.

**Oversight** notes this proposal increases the 2.5% fee paid on Historic Preservation tax credits to the Economic Development Advancement Fund. Currently, DED can collect \$1,556,106 (\$62,244,236 issue average x .025 fee). The fee is increased to 4%. This proposal sets the cap on the current Historic Preservation tax credit at \$90 million and creates a new \$30 million credit. Therefore, DED could collect Up to \$1,800,000 (\$120,000,000 new cap x .015 difference between old and new fee).

Summary

**B&P** estimates that this proposal could decrease Total State Revenue and General Revenue at some point significantly in the future due to the inflation adjustment authorized in Section 253.550.2(3).

These changes may impact other economic activity, but B&P does not have data to estimate the induced revenues.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
<b>GENERAL REVENUE</b>				
<u>Revenue Reduction -</u> extension of the Amateur Sporting Ticket Sales tax credit sunset date §67.3000	\$0	\$0	\$0	(Up to \$3,000,000)
<u>Revenue -</u> corporations income tax filing changes §143.451	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Revenue Reduction -</u> new Historic Preservation \$30 m tax credit §253.550	\$0 or (Up to <u>\$30,000,000</u> )	\$0 or (Up to <u>\$30,300,000</u> )	\$0 or (Up to <u>\$30,603,000</u> )	\$0 or (Up to <u>\$30,909,030</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 or (Up to \$30,000,000)</u></b>	<b><u>\$0 or (Up to \$30,300,000)</u></b>	<b><u>\$0 or (Up to \$30,603,000)</u></b>	<b><u>(Could Exceed \$33,909,030)</u></b>

**Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the increase in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.**

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
<b>MO ARTS COUNCIL TRUST FUND</b>				
<u>Additional Revenue</u> - extension of the nonresident entertainer and professional athlete income tax §143.183	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,480,000</u>
<b>ESTIMATED NET EFFECT ON MO ARTS COUNCIL TRUST FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$24,480,000</b></u>
<b>LIBRARY NETWORKING FUND</b>				
<u>Additional Revenue</u> - extension of the nonresident entertainer and professional athlete income tax §143.183	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,080,000</u>
<b>ESTIMATED NET EFFECT ON LIBRARY NETWORKING TRUST FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$4,080,000</b></u>



<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
<b>MO HUMANITIES COUNCIL TRUST FUND</b>				
<u>Additional Revenue</u> - extension of the nonresident entertainer and professional athlete income tax §143.183	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,080,000</u>
<b>ESTIMATED NET EFFECT ON MO HUMANITIES COUNCIL TRUST FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$4,080,000</b></u>
<b>MO PUBLIC BROADCASTING CORP SPECIAL FUND</b>				
<u>Additional Revenue</u> - extension of the nonresident entertainer and professional athlete income tax §143.183	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,080,000</u>
<b>ESTIMATED NET EFFECT ON MO PUBLIC BROADCASTING CORP SPECIAL FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$4,080,000</b></u>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
<b>HISTORIC PRESERVATION REVOLVING TRUST FUND</b>				
<u>Additional Revenue</u> - extension of the nonresident entertainer and professional athlete income tax §143.183	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,080,000</u>
<b>ESTIMATED NET EFFECT ON HISTORIC PRESERVATION TRUST FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$4,080,000</b></u>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
--	---------------------	---------	---------	-----------------------------------

**ECONOMIC  
DEVELOPMENT  
ADVANCEMENT  
FUND**

Additional Revenue  
 - increase in the fee  
 from 2.5% to 4% on  
 both Historic  
 Preservation tax  
 credits §620.1900

<u>\$0</u>	<u>Up to \$1,800,000</u>	<u>Up to \$1,800,000</u>	<u>Up to \$1,800,000</u>
------------	--------------------------	--------------------------	--------------------------

**ESTIMATED NET  
EFFECT ON  
ECONOMIC  
DEVELOPMENT  
ADVANCEMENT  
FUND**

<u>\$0</u>	<u>Up to</u> <u>\$1,800,000</u>	<u>Up to</u> <u>\$1,800,000</u>	<u>Up to</u> <u>\$1,800,000</u>
------------	------------------------------------	------------------------------------	------------------------------------

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021	Fully Implemented (FY 2022)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses may be impacted.

## FISCAL DESCRIPTION

This bill re-authorizes the Amateur Sporting Events Tax Credit until August 28, 2024, while making various other changes. Bid fees and financial guarantees are added to the definition of "eligible costs" used to determine the amount of a tax credit authorized, and extends the deadline for a tax credit applicant to submit eligible costs and proper documentation from 30 to 90 days following the conclusion of a sporting event. The bill also adds the Amateur Athletic Union, the National Christian College Athletic Association, the National Junior College Athletic Association, the United States Sports Specialty Association, and rights holder members of the National Association of Sports Commissions to the list of "site selection organizations" that determine tax credit qualifying sporting events. The definition of "sporting events" is then expanded to include collegiate competitions.

The bill further provides that the tax credit authorized by the Amateur Sporting Events Tax Credit program for the hosting of a qualifying sporting event shall be the least of 100% of eligible costs, an amount equal to \$5 for every admission ticket, or an amount equal to \$10 for every paid participant registration if the sporting event did not sell admission tickets. The latter two values shall be calculated using the actual number of tickets sold or registrations paid, not estimates. (§67.3000 and §67.3005)

Currently, the revenue generated from an income tax on certain nonresident athletes and entertainers is distributed among several funds. Such distributions will currently end on December 31, 2020. This act extends the distributions until December 31, 2030. (§143.183)

This bill changes the calculation of taxable income of corporations. (§143.451)

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  
Department of Natural Resources  
Department of Revenue  
Missouri Arts Council  
Office of Administration  
Division of Budget and Planning  
Office of the Secretary of State  
St. Louis County

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized, flowing script.

Acting Director  
May 17, 2018