

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3295S.01I
Bill No.: SB 3
Subject: Entertainment, Sports and Amusements; Tax Credits; Taxation and Revenue -
Income
Type: Original
Date: June 3, 2025

Bill Summary: This proposal modifies provisions relating to taxation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0 up to (\$1,242,490,209)	\$0 or could be more or less than (\$59,911,890)	\$0 or could be more or less than (\$60,900,915)
Total Estimated Net Effect on General Revenue	\$0 up to (\$1,242,490,209)	\$0 or could be more or less than (\$59,911,890)	\$0 or could be more or less than (\$60,900,915)

*§67.3000 reflects the potential increase in the tax credit cap from \$3 million to \$6 million beginning in FY 2026.

§§67.3000 & 67.3005 both extend the sunsets to August 28, 2032. Oversight reflects the average redemption costs beginning in FY 2028.

§100.240 reflects an appropriation for potential economic incentives for MLB and NFL teams in Missouri and tax credits under the Show-Me Sports Investment Act.

§135.445 reflects a cost of \$0 or \$1,222,823,542 in FY 2026 and unknown thereafter for the Homestead Disaster Tax Credit.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS**ASSUMPTION**

Due to time constraints of less than 24 hours, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

\$67,3000 - Tax Credit for Sporting Events - Tickets

Officials from the **Department of Revenue (DOR)** note this section is modifying the Sporting Events tax credit program that awards tax credits based on tickets sold to an event. The current program awards a credit of \$5 per ticket sold or \$10 per registered participant. The credit is refundable and administered by the Department of Economic Development (DED). No more than \$2.7 million of the current \$3 million cap is available for events held in St. Louis or Kansas City.

For informational purposes, DOR has provided the authorizations, issuances and redemptions since it was created in 2013.

Year	Authorized	Issued	Total Redeemed
FY 2024	\$1,420,800.00	\$2,169,547.16	\$1,420,037.00
FY 2023	\$446,618.79	\$369,986.65	\$1,011,839.85
FY 2022	\$886,980.00	\$1,599,747.12	\$886,432.00
FY 2021	\$7,799,425.00	\$404,970.00	\$128,770.00
FY 2020	\$1,185,000.00	\$1,132,640.00	\$1,391,995.00
FY 2019	\$1,265,000.00	\$293,810.00	\$1,420,500.00
FY 2018	\$1,335,000.00	\$1,584,090.00	\$1,276,180.00
FY 2017	\$5,296,200.00	\$2,175,700.00	\$1,316,815.00
FY 2016	\$942,800.00	\$7,800.00	\$564,723.30
FY 2015	\$728,708.00	\$585,735.00	\$38,610.00

This proposal is increasing the amount of the credit from \$5 per ticket sold to \$6 per ticket sold. It is also increasing the credit from \$10 for every person registered to \$12 per person. This proposal is also increasing the cap on the program from \$3 million to \$6 million and increasing the amount that Kansas City and St. Louis can receive from \$2.7 million of the cap to \$5.5 million of the cap. The increase in the cap to \$6 million will result in an additional loss to the general revenue of \$3 million annually.

Currently, this tax credit is a refundable credit. Applicants for the credit must submit an application with DED to be approved for the credits. This proposal adds language requiring DOR to issue those refunds within 90 days of the applicant's submission of a valid tax credit certificate. This proposal implies that an applicant for the tax credit will not have to file a tax return but just submit their tax certificate and DOR should refund the credit.

Since this tax credit has a cap that was not changed by this proposal, DOR assumes no additional fiscal impact from this proposal.

In response to a similar proposal, SB 184 (2025), officials from the **Office of Administration – Budget & Planning (B&P)** noted:

Section 67.3000 - This is a current program that is due to sunset on August 28, 2025, and has a cap of \$3,000,000. This proposal will increase the cap to \$6,000,000, so the TSR impact is a negative \$3M. This proposal states that a refundable tax credit is issued to the applicant for either \$6 for every admission ticket sold to such event or \$12 for every registered participant if such event was participated-based. The current program is the least of: One hundred percent of eligible costs incurred by the applicant; an amount equal to \$5 for every admission ticket sold to such event; or an amount equal to \$10 for every paid participant registration if such event was participant-based and did not sell admission tickets. Removing the cost reimbursement for the ticket sales credit may change the current utilization rates of the program.

Oversight notes due to the high authorization of tax credits under this Section in FY 2017 and 2021, and anticipation of various Missouri sporting events in the future (i.e. Kansas City Chiefs repeated Super Bowl appearances, Kansas City hosting the Soccer World Cup in 2026, and etc.) it is reasonable to expect tax credit issuances up to the maximum cap of \$6 million annually.

Oversight notes §67.3000.5 allows increasing the cap on the program from \$3 million to \$6 million effective August 28, 2025 (FY 2026). Therefore, Oversight will reflect the increase in the cap to \$6 million as an additional loss to general revenue of \$3 million annually, beginning FY 2026.

Oversight notes that the average total tax credits redeemed from 2020 to 2024 were \$967,815.

Oversight notes this provision extends the sunset on the tax credit from August 28, 2025, to August 28, 2032. Therefore, for purpose of this fiscal note, Oversight will show the average redemption totals from 2020 to 2024 (\$967,815) as a continuance of the costs of this program in addition to the \$3 million maximum cap, as an ongoing cost in FY 2028 and thereafter.

§67.3005 - Sporting Event Prepay Tax Credit Program

Officials from **DOR** note this section modifies provisions of the Amateur Sporting Events Prepay tax credit program. The Prepay tax credit program gives a tax credit to donors who help

sponsor these types of events. The current credit is equal to 50% of the donation collected. The current program does not allow this credit to be refunded, and it has a \$10 million annual cap.

For informational purposes, DOR has provided the issuances and redemptions since the program was created in 2013.

Year	Authorized	Total Redeemed
FY 2023	\$31,060.00	\$15,000
FY 2022	\$21,700.00	\$22,500
FY 2021	\$25,000.00	\$27,500
FY 2020	\$25,000.00	\$22,500
FY 2019	\$28,549.22	\$18,549
FY 2018	\$22,500.00	\$20,000
FY 2017	\$18,750.00	\$12,500
FY 2016	\$23,000.00	\$0
FY 2015	\$14,000.00	\$0

This proposal lowers the cap on the program from \$10 million to \$500,000 annually. It also extends the sunset date on the program from 2019 to six years after 2026. This credit is expected to result in a savings to the state and general revenue of \$9.5 million annually.

This proposal will result in DOR needing to modify the MO-TC form (\$2,200), computer programs (\$1,832) and website. These changes are estimated to cost \$4,032.

Oversight assumes the DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this provision with existing staff and resources. Therefore, Oversight will reflect a zero impact in the fiscal note for DOR.

Oversight notes §67.3005.3, lowers the current cap of \$10 million to \$500 thousand annually beginning August 28, 2025 (FY 2026).

Oversight notes in recent years the data shows that on average there was \$26,262 in Authorizations, \$15,710 in Issuances, and \$21,210 in Redemptions respectively. Therefore, Oversight will not reflect any potential savings, as the current data trends show it will not reach the estimated \$500 thousand amount.

Oversight notes this provision extends the sunset on the tax credit from August 28, 2025, to August 28, 2032. Therefore, Oversight, for purpose of this fiscal note, will reflect the average redemption totals from 2019 to 2023 in the amount of \$21,210, as a continuance cost of this program in FY 2028 and annually thereafter.

In response to the similar proposal, SB 184 (2025), officials from the **Office of Administration – Budget & Planning (B&P)** assumed 67.3005 - Contribution tax credit will be decreasing the current cap from \$10,000,000 down to \$500,000, saving TSR \$9,500,000.

Section 100.240 Show-Me Sports Investment Act

Officials from the **Department of Revenue (DOR)** assume this proposal in Section 100.240.4 & .5 would allow an athletic and entertainment facility to apply to the Department of Economic Development (DED) to receive an appropriation to help fund the athletic and entertainment facility. The facility would complete an application providing information necessary for DED to determine the facilities' baseline year state tax revenue. DOR is charged with verifying that the information provided by the facility matches information on file with DOR or not. DOR notes this would allow the appropriation of no greater than the facilities' baseline year state tax revenue. Since this is an appropriation, it is not expected to impact state or general revenue.

This proposal in Section 100.240.6 would allow a taxpayer to receive a tax credit for contributions to the MDFB Infrastructure Fund (100.286) in an amount equal to 50% of their contribution. The tax credits would be allowed to be carried forward up to 5 years. The amount of tax credits under this provision are capped at \$50 million. This provision allows the \$50 million to be distributed over three fiscal years. For the purposes of the fiscal note, they will show the entire \$50 million in the first fiscal year.

These provisions will require DOR to update their computer programs at a cost of \$1,832.

In response to the similar proposal, SS for SCS for SB 80 (2025), officials from **DOR** stated: Under Section 32.057, the Department does not disclose the number of tax returns or amounts claimed if the number is so low it could identify the taxpayers and therefore, DOR is not able to provide the amount of general revenue generated from these listed sources. DOR notes however, that this proposal does require appropriation and therefore, the general assembly can determine the amount of the appropriation annually. DOR notes this would result in a loss to the general assembly of \$0 (no appropriation is made) to Unknown negative (the amount of the appropriation) annually.

In response to the similar proposal, SS for SCS for SB 80 (2025), officials from the **Office of Administration – Budget & Planning** assumed Section 100.240 - Sports Team Incentives

This proposal would grant two potential economic incentives for MLB and NFL teams in Missouri.

The first incentive shall be direct state aid, subject to appropriation, equal to the "baseline year state tax revenue". B&P and DOR do not have enough information to determine what the baseline year state tax revenue. Therefore, this provision could result in an unknown impact to the state budget.

The second incentive shall be tax credit, up to \$50 million, for taxpayers that make a contribution to the infrastructure development fund. The tax credit shall be issued over a three year period. The tax credits are not refundable, but may be carried forward up to five years. In addition, the tax credits may be transferred or sold. Therefore, B&P estimates that this provision could reduce TSR and GR by up to \$50 million. B&P notes that this provision will only reduce TSR and GR by a total of \$50 million, with an unknown amount taken each year, over an eight year period.

Oversight notes that the athletic and entertainment facility project could potentially receive up to two different incentives, such as direct state aid for bond and tax credits.

First Incentive – State Aid Appropriation

Oversight notes, for informational purposes, that according to the recent annual report the Chief Organization remitted \$40,245,223 million in direct and indirect tax for 2023 tax year. (Source: Jackson County Sports Complex Authority, 2024 Annual Report, page 20 - <https://www.jcsca.org/legaldocuments>) Therefore, Oversight will reflect a range of revenue loss from zero (no state aid was appropriated for purpose of the project) or could be more or less than \$40,245,223 million, beginning FY 2027.

Second Incentive – Tax Credit

Oversight notes that §100.240.6 allows for any organization that contributes money or property towards an athletic and entertainment facility project up to 10%, or up to \$50 million in tax credits, whichever is lesser, over three calendar years.

Additionally, §100.240.6 (2) stipulates that the portion of tax credits which exceed the taxpayer's tax liability may be carried forward up to five years following the issuance year.

For simplicity, Oversight will reflect a cost ranging from zero (no tax credits were issued) up to \$16,666,667 (rounded to nearest dollar amount) in tax credits per year, beginning in FY 2026 to FY 2028, but notes that this tax credit could potentially continue to FY 2033, due to the carried forward provision in §100.240.6 (2).

§135.445 - Homestead Disaster Tax Credit

Officials from the **Department of Revenue** assume that starting January 1, 2025, this provision would allow a tax credit of \$2,500 per homeowner or renter whose homestead received damage from a disaster that requires the Governor to require presidential disaster declaration.

Information obtained from the Missouri State Emergency Management Agency shows the following number of presidential disaster declarations in the past years:

Calendar Year	Number of Disasters
2022	1
2023	1
2024	1
2025 so far	2

Of the 2 disasters that the presidential disaster declarations have been filed, only 1 has sought individual assistance for damage sustained by individuals and households in 2025. That disaster sought assistance for citizens in 18 counties and the City of St. Louis. Information provided by the Department of Insurance shows that 489,129 properties had either dwelling fire or homeowner's insurance policies which would cover part if not all of the damage sustained in the disaster. According to the Census Bureau data there are at least 654,285 occupied dwellings in those areas. At \$2,500 per tax credit if all the insured properties claimed the credits, then this could result in \$1,222,823,542.

DOR is unable to determine which of those properties are owned or rented by taxpayers with a state income tax liability that once the tax rate is applied would still owe liability that could be offset by the credit. DOR assumes this could result in a loss to general revenue of \$0 (no disaster declarations) to \$1,222,823,542. DOR notes that this amount could be exceeded depending on which counties are in a disaster declaration in future years. Should the more populous counties be impacted in the same year, the impact could be greatly increased. DOR will show the impact as Could exceed \$1,222,823,542 in FY 2025 given the disaster declaration already filed.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect more or less than the estimated impact by DOR in the fiscal note for FY 2026.

Oversight is unable to determine how many taxpayers would be eligible for the homestead tax credit, as defined by the proposal in FY 2027 and thereafter. Therefore, Oversight will reflect a zero (no disaster declarations) or Unknown cost to the general revenue in the fiscal note.

Responses regarding the proposed legislation as a whole

Officials from the **Office of the State Treasurer (STO)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the STO.

Officials from the **Oversight Division** state they are responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, the Oversight Division can absorb the cost with the current budget authority.

Officials from the **Department of Commerce and Insurance (DCI)** assume §§67.3000, 67.3005 & 100.240 would result in a potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) in FY 2026, FY2027, and FY2028 as a result of the creation of tax credit for athletic and entertainment facility project. 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 and which insurers will qualify for the new tax credit.

The department will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process

Oversight notes, for purposes of this fiscal note, the fiscal note does not reflect the possibility that some of the tax credits could be utilized against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Cost</u> – §67.3000.5 - Tax Credit increase	Up to (\$3,000,000)	Up to (\$3,000,000)	Up to (\$3,000,000)
<u>Cost</u> – §67.3005.5 – Extension of sunset from 8/28/2025 to 8/28/2032)	\$0	\$0	Could Exceed (\$967,815)
<u>Cost</u> - §67.3005.5 - Extension of sunset from 8/28/2025 to 8/28/2032)	\$0	\$0	(\$21,210)
<u>Revenue loss</u> – §100.240.5 - Appropriation for potential economic incentives for MLB and NFL teams in Missouri	\$0	\$0 or could be more or less than (\$40,245,223)	\$0 or could be more or less than (\$40,245,223)
<u>Cost</u> - §100.240.6 - Tax Credits	\$0 up to (\$16,666,667)	\$0 up to (\$16,666,667)	\$0 up to (\$16,666,667)
<u>Cost</u> – §135.445 - Homestead Disaster Tax Credit	\$0 or (\$1,222,823,542)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 up to (\$1,242,490,209)	\$0 or could be more or less than (\$59,911,890)	\$0 or could be more or less than (\$60,900,915)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal where small business entities will be able to take advantage in the continuation of the tax credits beyond August 28, 2025.

FISCAL DESCRIPTION

TAX CREDITS FOR CERTAIN SPORTING EVENTS (Sections 67.3000 and 67.3005)

Current law authorizes a tax credit for costs incurred relating to the conduct of amateur and collegiate sporting events. This act modifies such tax credit by requiring certified sponsors to be active members of the Sports Events and Tourism Association rather than of the National Association of Sports Commissions.

This act also removes the definition of "eligible costs" and bases the amount of the tax credit on either the number of admission tickets sold or the number of registered participants.

The act requires an applicant to submit a ticket sales or box office statement, or a list of registered participants, rather than documentation of eligible costs.

The amount of the tax credit shall be equal to either \$6 for every admission ticket sold, rather than \$5, or \$12 for every registered participant, rather than \$10. The Department of Revenue shall issue a refund of the tax credit within 90 days of the applicant's submission of a valid tax credit certificate, even prior to the close of the tax year for which the tax credits are issued.

Current law limits the total annual amount of tax credits to \$3 million, with a limit of \$2.7 million for events held in Jackson County or St. Louis City. This act increases such limits to \$6 million and \$5.5 million, respectively.

This act extends the sunset on the tax credit from August 28, 2025, to August 28, 2032. (Section 67.3000)

Current law also authorizes a tax credit in the amount of 50% of an eligible donation made to a certified sponsor or local organizing committee, with the total annual amount of such tax credits limited to \$10 million. This act reduces such allowable annual amount of tax credits to \$500,000. This act also extends the sunset on such tax credit from August 28, 2025, to August 28, 2032. (Section 67.3005)

Certain provisions of this act shall become effective on July 1, 2026.

SHOW-ME SPORTS INVESTMENT ACT (Section 100.240)

This act creates the "Show-Me Sports Investment Act". The Office of Administration and the Department of Economic Development are authorized to expend funds for the purpose of aiding and cooperating in the planning, undertaking, financing, or carrying out of an athletic and entertainment facility project.

Applicants must submit an application to the Department containing all information required by the Department, including the applicant's baseline year state tax revenues, as defined in the act. The Director of the Department and the Commissioner of Administration may enter into an agreement with the applicant, provided the agreement meets all provisions of this act.

An annual expenditure by the state shall be subject to appropriation and shall be no greater than an amount equal to the baseline year state tax revenues for the applicable professional sports

franchise's athletic and entertainment facility. The term of state appropriations under such an agreement shall not exceed thirty years and the annual amount of appropriation for the project shall not exceed an amount equal to the baseline year state tax revenues for the athletic and entertainment facility of the professional sports franchise for any fiscal year. Further, the net bond proceeds of any bond supported by annual expenditures by the state shall not exceed fifty percent of the total costs of the project. The Director and the Commissioner must be satisfied that there is sufficient public investment made by units of local government to support infrastructure or other needs generated by the project. If the owners of the professional sports franchise relocate any of the franchise or its facilities during the term of the agreement, then it shall be considered a default and the owners of the franchise shall repay the state the amount of funds expended by the state under the agreement and the total debt service remaining for any outstanding bond indebtedness, as described in the act.

The Missouri Development Finance Board may authorize any taxpayer to receive a tax credit in the amount of fifty percent of the amount contributed to the infrastructure development fund, provided that tax credits awarded under this act for a project shall not exceed ten percent of the amount of private investment in the project or fifty million dollars, whichever is less. The total of such tax credits may be issued over a maximum of three calendar years. Tax credits may be carried forward up to five years, and may be transferred or sold. If the owners of the franchise default on the agreement, then the amount of tax credits issued shall be repaid, as described in the act.

TAX CREDIT FOR HOMESTEAD DAMAGE (Section 135.445)

For all tax years beginning on or after January 1, 2025, this act provides that a taxpayer whose homestead received damage within an area included in an executive order issued by the Governor and also in a request for presidential disaster declaration shall be allowed a maximum tax credit of \$2,500 against state tax liability. Tax credits under this act are not refundable and cannot be carried forward, transferred, sold, or assigned. No taxpayer can claim more than one tax credit under this act in a tax year.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 3295S.01I

Bill No. SB 3

Page **13** of **13**

June 3, 2025

SOURCES OF INFORMATION

Department of Revenue

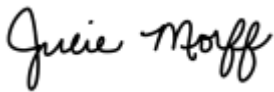
Department of Economic Development

Department of Commerce and Insurance

Office of Administration – Budget & Planning

Joint Committee on Administrative Rules

Oversight Division

A handwritten signature in black ink that reads "Julie Morff". The signature is written in a cursive, flowing style.

Julie Morff

Director

June 3, 2025

Jessica Harris

Assistant Director