COMMITTEE ON LEGISLATIVE RESEARCH

OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3295S.08P
Bill No.: Perfected SS#2 for SCS for SB 3
Subject: Economic Development; Entertainment, Sports and Amusements; Tax Credits; Taxation and Revenue - General; Taxation and Revenue - Income
Type: Original
Date: June 5, 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 ($109,666,667)	$0 or could be more or less than ($104,911,890)	$0 or could be more or less than ($105,900,915)
Total Estimated Net Effect on General Revenue	$0 up to ($109,666,667)	$0 or could be more or less than ($104,911,890)	$0 or could be more or less than ($105,900,915)

*§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 $90 million in FY 2026 and up to $45 million 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 Other 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 All 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	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints of less than 2 hours, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note with the best current information that we have or on information regarding a similar bill(s). Upon the receipt of the 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

In response to the previous version of the proposal, officials from the **Department of Revenue (DOR)** noted 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.

Officials from the **Office of Administration – Budget & Planning (B&P)** note:

Section 67.3000 contains the amateur sporting event ticket contribution tax credit. This credit is due to sunset on August 28, 2025. This proposal would extend the sunset to August 28, 2032.

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.

Additionally, it requires any participant of the program who has been awarded a refund and the Department of Revenue determines the participant still owed taxes that were not paid in the year the tax credit was applied shall repay the tax credit paid to the participant.

In response to the previous version, officials from the **Department of Economic Development (DED)** assumed §67.3000 removes eligible costs from the definitions and as a requirement to submit with their application after a sporting event so that the ticket sales tax credit is only based on ticket sales or number of registered participants. The language increases the amount of tax credit issued from $5 for every admission ticket sold to such event to $6 for every admission ticket sold. The language also increases the amount of tax credit issued from $10 for every registered participant to $12 for every registered participant. (The tax credit for either tickets sold or registered participants, not both.) The tax credit is no longer authorized to be transferred, sold, or assigned and the tax credits may be refunded at any point after issuance. The tax credit fiscal year cap increased from $3M to $6M. The language extends the sunset date from August 28, 2025, to August 28, 2032.

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.

<u>§67.3005 - Sporting Event Prepay Tax Credit Program</u>

In response to the previous version of the proposal, officials from **DOR** noted 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.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume section 67.3000.5 would increase the annual issuance limit from $3 million to $6 million per year.

Section 67.3005 contains the amateur sporting event contribution tax credit. This provision would lower the annual issuance limit from $10 million to $500,000.

Therefore, B&P estimates that these provisions could increase GR by $6.5 million starting FY26.

In response to the previous version, officials from the **Department of Economic Development (DED)** assumed §67.3005 decreases the fiscal year cap from $10M to $500,000 and extends the sunset date six years from August 28, 2019, to six years from August 28, 2026.

Section 100.240 Show-Me Sports Investment Act

In response to the previous version of the proposal, officials from the **Department of Revenue (DOR)** assumed 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 a 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 previous version of the proposal, officials from the **Office of Administration (OA)** assumed per §100.240, there would be a potential fiscal impact, however, because OA has no way to determine how much would be appropriated for aiding and cooperating in the planning, undertaking, financing, or carrying out of the facility project, the fiscal impact is indeterminable.

Oversight assumes OA is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA could request funding through the appropriation process.

Officials from the **Office of Administration – Budget & Planning** assume this provision would allow for an annual appropriation to assist in an "athletic and entertainment facility" project. The annual appropriation cannot last longer than 30 years and is limited to a facility's "baseline year state tax revenue". B&P does not have enough information to estimate the amount of annual appropriations that may be made under this provision.

B&P notes that per subdivision 100.240.3(1) the sports and entertainment venue must have a seating capacity of over 30,000. There are currently only three such stadiums in Missouri: Arrowhead Stadium, the Dome at America's Center, Faurot Field, Bush Stadium, and Kauffman Stadium.

Subsection 100.240.5 indicates that only a professional sports team may qualify under this provision. (Subdivision 100.240.3(9) defines professional sports team as either MLB or NFL. Therefore, under this language only Arrowhead and Kauffman stadiums in Kansas City and Busch Stadium in St. Louis City would qualify for any appropriations or tax credits.

In addition to the annual appropriations, up to $50 million in tax credits may be authorized for private donations to the facility project. The tax credits shall be 50% of the money or property donated to the Infrastructure Development Fund. The tax credits are non-refundable but may be carried forward for up to five years. The total amount of tax credits may be issued over a maximum of three years.

Therefore, B&P estimates that this proposal could reduce general revenue by up to $50 million. For the purpose of this fiscal note, B&P will reflect the full $50 million loss as occurring in FY27.

In response to the previous version, officials from the **Department of Economic Development (DED)** assumed §100.240 creates the Show-Me Sports Investment Act, a program administered by the Department of Economic Development. This program, subject to appropriation, is created to aid and cooperate in the planning, undertaking, financing, or carrying out of an athletic and entertainment facility project for which application is made to the Department.

The annual expenditure by the state in connection with an athletic and entertainment facility project is subject to annual appropriation and cannot exceed the baseline year state tax revenues (sum of GR portion of state sales tax revenues received (with some exclusions), state income tax withheld on behalf of employees by an employer, and the nonresident professional athletes and entertainers state income tax revenues that were derived directly from the operations of the athletic and entertainment facility of the professional sports franchise, including vendors and tenants located in the facility during the baseline year). The baseline year is the calendar year prior to submission of the application to the Department. The Department is unable to estimate the fiscal impact for the baseline year state tax revenues.

State appropriations shall not exceed 30 years. If the athletic and entertainment facility project receives funds and the owners of the applicable professional sports franchise relocate to another state during the term of the agreement, it will be construed as a default event, and the owners of the professional sports franchise shall repay to the state GR fund the amount of funds expended by the state through the date of the default, the total debt service remaining for any outstanding bond indebtedness for the project, and the amount of tax credits issued.

Missouri Development Finance Board, for the purpose of funding an athletic and entertainment facility project, may in addition to the above, may authorize a tax credit in the amount of 50% of any amount contributed in money or property by the taxpayer to the infrastructure development fund, provided that the tax credits awarded for the project do not exceed 10% of the amount of private investment in the project or $50M, whichever is less, and the total of such tax credits may be issued over a maximum of 3 calendar years. The fiscal note assumes two projects receiving max $50M issued over three years.

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

First Incentive – State Aid Appropriation

Oversight notes that the Baseline Year State Tax Revenues excluding the 2026 FIFA World Cup revenues. Therefore, the baseline year would have to be evaluated on revenues remitted prior to 2026.

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)

In response to the additional questions from the Oversight, in regard to the similar proposal SS for SCS for SB 80 (2025, officials from DED and DOR noted it is possible that more than one organization will be able to obtain proposed incentive. Therefore, Oversight will reflect a range of revenue loss of 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 carry forward provision in §100.240.6 (2).

SA 3 – Allows the elected officials to use the funds, as per §130.011, to be used for any defense out of the official duties conducted pursuant to the §100.240.

§135.445 - Homestead Disaster Tax Credit

In response to the previous version of the proposal, officials from the **Department of Revenue** assumed that starting January 1, 2025, this provision would allow a tax credit of $5,000 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 $5,000 per tax credit if all the insured properties claimed the credits, then this could result in $2,445,645,000.

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. This version of the proposal would allow the credit to be refundable, therefore, even without a tax liability a taxpayer could qualify for the credit.

DOR assumes this could result in a loss to general revenue of $0 (no disaster declarations) to $2,445,645,000. 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 $2,445,645,000 in FY 2025 given the disaster declaration already filed.

Officials from the **Office of Administration - Budget and Planning** state this provision would grant a tax credit of up to $5,000 for the out-of-pocket costs incurred by a taxpayer for damages directly related to a natural disaster during 2025. A taxpayer may only claim one credit for 2025.

This tax credit would be the lesser of the out-of-pocket deduction or $5,000. In addition, the credit is non-refundable but may be sold and can be carried forward up to 29 years.

To qualify a taxpayer must reside in an area where the governor has requested a presidential disaster declaration. B&P notes that this provision does not require the presidential disaster declaration be made, only that it is requested.

A taxpayer must also have homeowner's or renter's insurance, incur a deductible, and have a homestead with damage directly related to a natural disaster that occurred during 2025. As of June 5, 2025, Missouri has requested two presidential disaster declarations. One for severe weather on March 14 – 15 and one for severe weather on May 21.

For FY26, no more than $90 million in tax credits may be redeemed. From FY27 through FY55, no more than $45 million in tax credits may be redeemed per year.

Therefore, B&P estimates that this proposal may reduce GR by up to $90 million in FY26. For each fiscal year from FY27 through FY55, this proposal may reduce revenues up to $45 million per year. B&P notes that this provision will not impact GR beyond FY55.

Oversight notes that this proposal disallow for refund of the tax credit (against the taxpayer's individual income tax liability for the insurance deductible): however allows for transfer, or to be sold in addition to be carried forward till June 30, 2055 (FY 2056).

Oversight notes that this proposal allows for redemption up to $90 million in tax credits before July 1, 2026. Therefore, Oversight will reflect up to the maximum allotted cap, as per proposal, in FY 2026.

Oversight notes that taxpayers will be able to redeem up to $45 million after July 1,2026 (FY 2027 till FY 2056).

Oversight is unable to determine how many taxpayers would be eligible for the homestead tax credit, as defined by the proposal in FY 2026 and thereafter. Therefore, Oversight will reflect a zero (no disaster declarations) or the allotted maximum cap (as per proposal) to the general revenue in the fiscal note.

§137.1120 – Property Tax

Officials from the **Office of Administration - Budget and Planning** state this proposal would limit property tax liability to grow by 5% or inflation, whichever is greater in certain counties, while allowing the property tax liability to be frozen in other counties.

Property taxes may be increased above the limits for: improvements, new construction voter approved increased tax levy, and annexation of property. If a taxpayer's property tax liability decreases in a future year, that lower amount shall become the taxpayer's new base credit year.

Counties must request voter approval for the property tax limit no later than April 2026.

A county cannot include any lost revenues as a result of the property tax limit when setting the annual property tax levies. B&P notes that normally when revenues decline, property tax districts are able to increase their property tax levy to recoup some or all of the lost revenue. This provision would prevent that "roll-up" from occurring.

The property tax freeze shall apply to and impact all property tax districts within a county that has received voter approval.

No taxpayer may claim this property tax freeze and the senior property tax freeze granted under Section 137.1050.

B&P notes that while this provision does not impact the assessed valuation for property. Therefore, it will not impact revenues to the Blind Pension Trust Fund.

Oversight notes the above counties may grant this property tax credit by county ordinance or voter approval. For the purpose of this fiscal note, Oversight assumes property tax credits would not be granted until at least tax year 2027. In addition, property taxes are due annually by December 31. Therefore, Oversight assumes that this proposal will not begin affecting local revenues until at least FY2028 (for tax year 2027 payments).

Oversight is uncertain how many taxing districts would initiate approval of the tax credits. Therefore, Oversight will show a range of impact of $0 (not commission-approved nor voter-approved) to an unknown loss in revenue to local political subdivisions beginning in FY 2028.

Oversight assumes there could be costs to implement and monitor individual credits for local taxing entities to approve the property tax credits. Oversight will show a range of impact of $0 (no subdivision ordinance or voter approval) to an unknown cost to local political subdivisions for implementation.

<u>Responses regarding the proposed legislation as a whole</u>

In response to the previous version of the proposal, officials from the **Office of the State Treasurer (STO)** assumed 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.

In response to the previous version of the proposal, officials from the **Department of Commerce and Insurance (DCI)** assumed §§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.

<u>Rule Promulgation</u>

In response to the previous version of the proposal, officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to the previous version of the proposal, officials from the **Office of the Secretary of State (SOS)** noted 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)

FISCAL IMPACT – State Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
Revenue loss – §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)
Cost - §100.240.6 - Tax Credits	$0 up to ($16,666,667)	$0 up to ($16,666,667)	$0 up to ($16,666,667)
Cost – §135.445 - Homestead Disaster Tax Credit	$0 or ($90,000,000)	$0 or ($45,000,000)	$0 or ($45,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**$0 up to ($109,666,667)**	**$0 or could be more or less than ($104,911,890)**	**$0 or could be more or less than ($105,900,915)**

FISCAL IMPACT – Local Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
Potential Costs – §137.1120 - Vote on implementing property tax credits, **if** approved by ordinance/voters (0% Group)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Potential Costs - §137.1120 - Implementation and monitoring of property tax credits, **if** approved by ordinance/voters (5% Group)	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)

FISCAL IMPACT – Local Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**$0 or (Unknown)**	**$0 or (Unknown)**	**$0 or (Unknown)**

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.

This provision is identical to a House amendment to SS/SCS/SB 80 (2025).

BB:LR:OD

TAX CREDIT FOR HOMESTEAD DAMAGE (Section 135.445)

For all tax years beginning on or after January 1, 2025, this act authorizes a taxpayer to claim a tax credit in an amount not to exceed $5,000 for the insurance deductible incurred by the taxpayer during the 2025 calendar year as a direct result of a disaster for which a request for a presidential disaster declaration has been made by the Governor.

Tax credits authorized by the act shall not be refundable but may be transferred, sold, or assigned. Tax credits may be carried forward to any of the taxpayer's twenty-nine subsequent tax years or until the full amount of the tax credit is redeemed, whichever is earlier. For the 2026 fiscal year, the Department of Revenue shall not redeem tax credits in an amount that exceeds $90 million. For all subsequent fiscal years ending with the 2055 fiscal year, the Department of Revenue shall not redeem tax credits authorized by this section in an amount that exceeds $45 million in any given year. Any taxpayer that is unable to redeem a tax credit in any tax year may carry forward such tax credit to a subsequent tax year.

No new tax credits shall be authorized after December 31, 2025.

PROPERTY TAX CREDIT

This act requires certain counties to place on the ballot by no later than the April 2026 general election a question of whether to grant a property tax credit to eligible taxpayers residing in such county. Eligible taxpayers are defined as residents who: 1) are the owner of record of or have a legal or equitable interest in a homestead; and 2) are liable for the payment of real property taxes on such homestead.

The amount of the property tax credit shall be equal to the difference between the real property tax liability on the homestead in a given year minus the real property tax liability on such homestead in the year in which the taxpayer became an eligible taxpayer, provided that, for five percent counties, the real property tax liability on an eligible taxpayer's homestead as determined in the taxpayer's initial credit year may be increased by no more than five percent per year or the percent increase in the Consumer Price Index, whichever is greater, and, for zero percent counties, the real property tax liability on an eligible taxpayer's homestead shall not be increased above the liability incurred during the initial credit year.

A credit granted pursuant to this act shall be applied when calculating the eligible taxpayer's property tax liability for the tax year. The amount of the credit shall be noted on the statement of tax due sent to the eligible taxpayer by the county collector.

The amount of property tax credits authorized by a county pursuant to this act shall be considered tax revenue actually received by the county for the purposes of calculating property tax levies. (Section 137.1120)

SEVERABILITY 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 Revenue
Department of Economic Development
Department of Commerce and Insurance
Office of Administration – Budget & Planning
Joint Committee on Administrative Rules
Oversight Division
Office of the Secretary of State

Julie Morff
Director
June 5, 2025

Jessica Harris
Assistant Director
June 5, 2025