

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3151-01
Bill No.: SB 664
Subject: Taxation and Revenue - Sales and Use; St. Louis; Sports
Type: Original
Date: January 30, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$2,090,010)	(\$2,583,253)	(\$2,660,750)
School District Trust	(\$696,670)	(\$861,084)	(\$886,917)
Total Estimated Net Effect on <u>All</u> State Funds*	(\$2,786,680)	(\$3,444,337)	(\$3,547,667)

***Subject to Appropriation**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$2,786,680	\$3,444,337	\$3,547,667

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** and the **Office of the State Treasurer (STO)** state this legislation, as worded, would not have a fiscal impact on their agencies.

Officials of the **City of St. Louis (STL)** state this proposed legislation would allocate the state's portion of sales tax revenues generated at events in any city owned multi-purpose facility to a maintenance fund for the exclusive purpose of maintenance and refurbishment of the facility. With city facilities under private management, access to sales tax records is somewhat limited and thus it is difficult to provide a total fiscal impact on proposed legislation.

Based on actual entertainment license tax receipts from the St. Louis Blues professional hockey club along with concession spending estimates, a fiscal estimate can be provided for at least the major tenant of a city owned multipurpose facility. This estimate would be as follows:

Ticket Sales

St. Louis Blues Ticket Sales - FY01 *

\$31,600,000

(*based on 5% license tax receipts)

Concession Sales

Annual Attendance Estimate - 840,000

Concession Spending est. per attendee - \$7.50

Estimated Concession Spending

\$6,300,000

Total Annual Sales Estimate

\$37,900,000

Value of State Sales Tax of

4.225% on Above:

\$1,600,000

Officials from the **Office of Administration - Budget and Planning (BAP)** state this proposal allocates the state sales tax generated at the Savvis Center in St. Louis to the Savvis Center maintenance of the facility.

ASSUMPTION (continued)

BAP states that last year, identical bills were filed. On March 9, 2001, the St. Louis Blues, the primary tenant of the Savvis Center, reported the following tax amounts for the year ending June 30, 2000:

Total Sales Tax	\$5,750,209
State Portion (4.225 rate)	\$3,232,388

BAP spoke with an official from the St. Louis Blues. He agreed to update the information, but has not yet done so. BAP recommends using the numbers provided as a basis.

Oversight assumes these estimates were based on the state tax rate of 4.225%. Oversight assumes that the state's portion would be 4% rather than 4.225% and calculated the revenue loss to the General Revenue Fund based on that assumption. Oversight assumes a 3% annual growth rate for inflation. Based on the figures supplied, Oversight estimates the state's portion would be as follows: (FY 2003 figures are figured for 10 months)

FY2003	\$2,786,680
FY2004	\$3,444,337
FY2005	\$3,547,667

Oversight for the purposes of this fiscal note assumes this proposal would be effective September 1, of fiscal year 2003, and is subject to appropriation. Oversight assumes that for 10 months of FY 2003, the loss of revenue to the state's General Revenue (GR) Fund would be \$2,090,010 and the loss to the School District Trust Fund is estimated at \$696,670. Loss of revenue in FY 2004 is estimated at \$2,583,253 for the GR Fund and \$861,084 for the School District Trust Fund. Loss of revenue to the GR Fund in FY 2005 is estimated to be \$2,660,750 and \$886,917 to the School District Trust Fund. Estimates are made based on the assumption that the state's portion would be 4% (3% general revenue and 1% school trust).

This proposal would not change Total State Revenues since the sales tax revenue would be collected by the state and then be appropriated to local government.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Loss to State Funds*</u>			
General Revenue Fund	(\$2,090,010)	(\$2,583,253)	(\$2,660,750)
School District Trust Fund	<u>(\$696,670)</u>	<u>(\$861,084)</u>	<u>(\$886,917)</u>
ESTIMATED NET EFFECT ON ALL FUNDS	<u>(\$2,786,680)</u>	<u>(\$3,444,337)</u>	<u>(\$3,547,667)</u>

*Subject to Appropriation

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Income to the City of St. Louis Special Fund from sales tax retention of state's portion</u>	<u>\$2,786,680</u>	<u>\$3,444,337</u>	<u>\$3,547,667</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$2,786,680</u>	<u>\$3,444,337</u>	<u>\$3,547,667</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

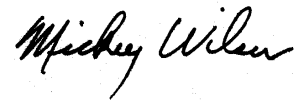
DESCRIPTION

This bill earmarks all state sales and use tax revenues generated from sales inside, on the grounds of, or for tickets to any event in a multipurpose facility located in and owned by the City of St. Louis. The earmarked revenue will be transferred to the city to be used solely for the maintenance and refurbishment of the facility or complex.

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
Office of Administration
 Budget and Planning
City of St. Louis
State Treasurer's Office



Mickey Wilson, CPA
Acting Director
January 30, 2002