

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4674-01  
Bill No.: SB 1158  
Subject: Taxation and Revenue - General and Income; Sports  
Type: Original  
Date: March 11, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	Unknown	Unknown	Unknown
Various State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Department of Revenue (DOR)** assume this legislation clarifies the definition of a “nonresident member of a professional team” to include only those nonresident athletes that are members of an athletic team not located in Missouri. Any tax collected from members of professional athletic teams which are located in Missouri will not be included in the annual estimate or appropriation to the various organizations. There is no administrative impact to the DOR. DOR assumes the Office of Administration, Budget and Planning will estimate the revenue impact.

Officials of the **Secretary of State** and the **Department of Economic Development** assume this legislation will not fiscally impact their agencies.

**State Treasurer (STO)** officials assume this proposal will not fiscally impact their agency. STO defers to the DOR for the revenue impact estimate.

Officials of the **Department of Natural Resources (DNR)** assume this proposal would clarify income tax treatment of nonresident members of professional athletic teams. It appears that the taxes collected from nonresident team members of a Missouri based team would be at the "resident" rate and would go to General Revenue. By statute 10% of the nonresident entertainment tax is allocated to the Historic Preservation Revolving Fund.

While it is not known how much tax revenue is currently being collected on nonresident athletes on Missouri based teams, the DNR assumes that this legislation could result in the Historic Preservation Revolving Fund receiving less revenue.

Officials of the **Office of Administration, Budget and Planning (BAP)** assumes this proposed legislation should not result in additional costs or savings to the BAP. BAP defers to the DOR for the tax credit estimate since DOR has actual collection data.

**Oversight** assumes this proposal would increase General Revenue for any individual income tax collected from nonresident members of professional athletic teams which are located in Missouri and decrease the amount transferred to the various funds. Since DOR did not provide income tax revenue estimates for this proposal, Oversight will show the revenue impact as unknown.

FISCAL IMPACT - State Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

**GENERAL REVENUE FUND**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Income - General Revenue</u>			
Income tax revenue from nonresident members of MO professional teams	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>UNKNOWN</u></b>	<b><u>UNKNOWN</u></b>	<b><u>UNKNOWN</u></b>

**VARIOUS STATE FUNDS**

<u>Loss - Missouri Arts Council Trust Fund</u>			
60% of the income tax revenue from nonresident members of MO professional athletic teams	(Unknown)	(Unknown)	(Unknown)

<u>Loss - Missouri Humanities Council Trust Fund</u>			
10% of the income tax revenue from nonresident members of MO professional athletic teams	(Unknown)	(Unknown)	(Unknown)

<u>Loss - Missouri State Library Networking Fund</u>			
10% of the income tax revenue from nonresident members of MO professional athletic teams	(Unknown)	(Unknown)	(Unknown)

<u>Loss - Missouri Public Television Broadcasting Corporation Special Fund</u>			
10% of the income tax revenue from nonresident members of MO professional athletic teams	(Unknown)	(Unknown)	(Unknown)

Loss - Missouri Historic Preservation Revolving Fund

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
10% of the income tax revenue from nonresident members of MO professional athletic teams	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>TOTAL ESTIMATED NET EFFECT ON ALL STATE FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act clarifies treatment of income to members of professional athletic teams. Pursuant to the act, a team member whose team is based or headquartered within this state is treated as a resident of the state. The tax revenue raised from such member's income taxes goes to the state general revenue fund.

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

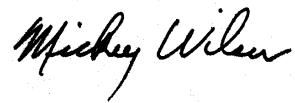
SOURCES OF INFORMATION

Department of Revenue

KS:LR:OD (12/01)

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Secretary of State  
Department of Economic Development  
State Treasurer  
Department of Natural Resources  
Office of Administration  
Budget and Planning

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

Mickey Wilson, CPA  
Acting Director  
March 11, 2002