

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2054-01  
Bill No.: HB 1126  
Subject: Entertainment, Sports and Amusements; Revenue Dept.; Taxation and Revenue -  
Income  
Type: Original  
Date: April 16, 2007

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Bill Summary: Would change the allocation revenues from the Nonresident Athletes and Entertainers Tax.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$2,000,000)</b>	<b>(\$2,000,000)</b>	<b>(\$2,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Various	\$2,000,000	\$2,000,000	\$2,000,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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 FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of the State Treasurer**, the **Office of the Attorney General**, the **Office of Administration**, **Administrative Hearing Commission**, and the **Department of Revenue** assume this proposal would have no fiscal impact on their organization.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in additional costs or savings to BAP. BAP officials provided the following summary of the proposal.

The proposal would change the distribution of funds received from the nonresident professional athletes and entertainers' tax. Currently, the law states that sixty percent shall be collected and allocated to the Missouri Arts Council and that the Council shall be limited to an appropriation of no more than ten million dollars of that tax per fiscal year. The proposal changes that distribution to fifty percent and removes the annual limit appropriated for the Council. The proposal also provides for the allocation of two million dollars or ten percent, whichever is greater, of the taxes generated from the nonresident athletes and entertainer's tax for the Missouri Juneteenth Heritage and Jazz Festival; this allocation would continue until 2015. For any fiscal year in which that two million dollar minimum is not allocated, additional funds from the Missouri Arts Council would be distributed to meet that minimum.

Officials from BAP also provided collection information for the nonresident athletes and entertainers tax; revenues were \$23.6 million for FY 2004, \$20.8 million for FY 2005, \$24.0 million for FY 2006, and \$27.9 million for FY 2007.

Officials from the **Department of Economic Development, Missouri Arts Council**, (MAC) stated that this proposal could result in a reduction of up to \$2 million per year in funding to the MAC Trust Fund.

In response to similar proposals, officials from the **Office of the State Treasurer** have stated that the proposal would have no fiscal impact on their organization.

ASSUMPTION (continued)

**Oversight** assumes this proposal would change the reallocation of proceeds from the nonresident athletes and entertainers tax, to provide an allocation of \$2 million each year to the fund for the Missouri Juneteenth Heritage and Jazz Festival and Memorial. Oversight assumes that the estimated proceeds from the nonresident athletes and entertainers tax would not be less than the amount at which the Missouri Arts Council allocation would be reduced below the current \$10 million limit.

Oversight will indicate a \$2 million annual transfer from the General Revenue Fund to the fund for the Missouri Juneteenth Heritage and Jazz Festival and Memorial.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
<u>Transfer out</u> - fund for the Missouri Juneteenth Heritage and Jazz Festival and Memorial	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$2,000,000)</u></b>	<b><u>(\$2,000,000)</u></b>	<b><u>(\$2,000,000)</u></b>
<b>VARIOUS STATE FUNDS</b>			
<u>Transfer in</u> - fund for the Missouri Juneteenth Heritage and Jazz Festival and Memorial	\$2,000,000	\$2,000,000	\$2,000,000
<b>ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS</b>	<b><u>\$2,000,000</u></b>	<b><u>\$2,000,000</u></b>	<b><u>\$2,000,000</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

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

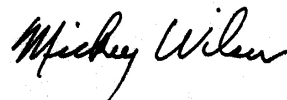
### FISCAL DESCRIPTION

This proposal would allocate the greater of two million dollars or ten percent of the estimated annual taxes from the nonresident entertainer and professional athletic team income tax to the Missouri Juneteenth Heritage and Jazz Festival and Memorial. The annual allocation would be transferred from the General Revenue Fund to the fund for the Missouri Juneteenth Heritage and Jazz Festival and Memorial, and would be in addition to other appropriations by the general assembly.

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

Office of the State Treasurer  
Office of the Attorney General  
Office of Administration  
    Administrative Hearing Commission  
    Division of Budget and Planning  
Department of Economic Development  
    Missouri Arts Council  
Department of Revenue



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Director  
April 16, 2007