

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4901-02
Bill No.: HB 2535
Subject: Entertainment, Sports and Amusements; Revenue Dept.; Taxation and Revenue -
Income
Type: Original
Date: April 14, 2008

Bill Summary: Would create the Juneteenth Festival Fund and change provisions governing the professional athletes and entertainers tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
Total Estimated Net Effect on General Revenue Fund	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Missouri Juneteenth Heritage and Jazz Festival and Memorial	\$2,000,000	\$2,000,000	\$2,000,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$2,000,000	\$2,000,000	\$2,000,000

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the Office of the **Secretary of State** (SOS) provided this response.

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 \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

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

BAP officials stated that this proposal would change the distribution of funds received from the nonresident professional athletes and entertainers' tax. The law currently requires that sixty percent of the annual estimate of taxes generated from the tax will be allocated to the Missouri Arts Council Trust Fund. The proposal changes the percentage to fifty and removes the ten million dollar fiscal year cap appropriated for the Missouri Arts Council. The proposal also provides for two million dollars or ten percent of the nonresident professional athletes and entertainers' tax to be transferred to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund annually, ending in 2016.

Officials from the **Department of Economic Development, Missouri Arts Council** (MAC) assume this proposal would create a new 10% Cultural Partner. MAC officials assume that the current MAC share of nonresident athletes and entertainers tax revenues would be reduced to 50%. The guaranteed minimum of \$2 million per year to the new cultural partner would reduce the MAC Trust Fund corpus by this amount. Some MAC programs could be eliminated or severely reduced.

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

ASSUMPTION (continued)

Oversight assumes this proposal would change the allocation of proceeds from the nonresident athletes and entertainers tax. The allocation to the Missouri Arts Council would be reduced from sixty percent to fifty percent, the ten million dollar limit on appropriations to the Missouri Arts Council would be eliminated, and an amount equal to the greater of two million dollars or ten percent of the annual estimate of taxes generated would be allocated to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund.

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 Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund. The elimination of the current \$10 million cap on appropriations could result in additional funds for the Missouri Arts Council; however, the elimination of the cap would allow but not require additional appropriations. Oversight will not indicate any fiscal impact to the Missouri Arts Council.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Transfer out - Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
MISSOURI JUNETEENTH HERITAGE AND JAZZ FESTIVAL FUND			
<u>Transfer in - General Revenue Fund</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
ESTIMATED NET EFFECT ON MISSOURI JUNETEENTH HERITAGE AND JAZZ FESTIVAL FUND	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

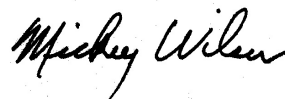
FISCAL DESCRIPTION

This proposal would create the Juneteenth Festival Fund and change provisions governing the professional athletes and entertainers tax.

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



Mickey Wilson, CPA
Director
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