

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0078-01
Bill No.: HB 363
Subject: Arts and Humanities; Revenue Dept.; Taxation and Revenue - Income
Type: Original
Date: February 9, 2009

Bill Summary: Would create the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund and revise the distribution of funds from the professional athletes and entertainers tax.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| General Revenue | (\$2,000,000 to \$6,000,000) | (\$2,000,000 to \$6,000,000) | (\$2,000,000 to \$6,000,000) |
| Total Estimated Net Effect on General Revenue Fund | (\$2,000,000 to \$6,000,000) | (\$2,000,000 to \$6,000,000) | (\$2,000,000 to \$6,000,000) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Missouri Arts Council Trust Fund | \$0 to \$4,000,000 | \$0 to \$4,000,000 | \$0 to \$4,000,000 |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$2,000,000 to \$6,000,000 | \$2,000,000 to \$6,000,000 | \$2,000,000 to \$6,000,000 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| 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 2010 | FY 2011 | FY 2012 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

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 states that sixty percent of the annual estimate of revenues generated from the tax shall be allocated annually to the Missouri Arts Council Trust Fund. This proposal would change the percentage to fifty and removes the ten million dollar fiscal year cap on appropriations for the Missouri Arts Council. The proposal would also provide for two million dollars or ten percent of the nonresident professional athletes and entertainers' tax revenues to be transferred to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund annually, ending in 2016.

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

Although they did not respond to our request for information, **Officials from Office of the State Treasurer** assumed a similar proposal in the previous session (HB 2535 LR 4901-02) would have no fiscal impact on their organization.

Officials from the **Department of Economic Development, Missouri Arts Council** (MAC) assume this proposal would create a new 10% Cultural Partner. MAC's 60% share of the A&E tax funding would be reduced to 50%. The 'guaranteed' minimum of \$2 million per year would reduce the MAC Trust Funds' corpus by this amount, which could impact programs and services.

MAC officials provided information regarding recent years' collections. Collections were \$24,030,829 for FY 2006, \$28,005,030 for FY 2007, and \$28,055,015 for FY 2008. In addition, MAC officials informed us that annual transfers to the MAC Trust Fund had been limited to the annual cap on appropriations of \$10 million.

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ASSUMPTION (continued)

Oversight notes that 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.

Based on reported collections and current statutory requirements, **Oversight** assumes that annual transfers to the Missouri Arts Council Trust Fund should be approximately (60% x \$28 million) = \$16.8 million; this proposal would reduce the transfer requirement to approximately \$14 million per year. Oversight assumes that the estimated amount of state income tax revenues from the Nonresident Athletes and Entertainers Tax would be at least as much as the amount at which the Missouri Arts Council Trust Fund allocation would equal the current \$10 million limit. Since the elimination of the current \$10 million annual cap would allow but not require additional appropriations, the elimination of that cap could result in additional funds for the Missouri Arts Council.

Accordingly, Oversight will indicate a \$2 million annual transfer from the General Revenue Fund to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund. Oversight will also indicate an additional annual transfer from the General Revenue Fund to the Missouri Arts Council Trust Fund from \$0 to \$4 million.

| <u>FISCAL IMPACT - State Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|--|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Transfer out</u> - Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund | <u>(\$2,000,000)</u> | <u>(\$2,000,000)</u> | <u>(\$2,000,000)</u> |
| <u>Transfer out</u> - Missouri Arts Council Trust Fund | <u>(\$0 to \$4,000,000)</u> | <u>(\$0 to \$4,000,000)</u> | <u>(\$0 to \$4,000,000)</u> |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | <u>(\$2,000,000 to \$6,000,000)</u> | <u>(\$2,000,000 to \$6,000,000)</u> | <u>(\$2,000,000 to \$6,000,000)</u> |
| MISSOURI JUNETEENTH HERITAGE AND JAZZ FESTIVAL FUND | | | |
| <u>Transfer in</u> - General Revenue Fund | <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> |
| MISSOURI ARTS COUNCIL TRUST FUND | | | |
| <u>Transfer in</u> - General Revenue Fund | <u>(\$0 to \$4,000,000)</u> | <u>(\$0 to \$4,000,000)</u> | <u>(\$0 to \$4,000,000)</u> |
| ESTIMATED NET EFFECT ON MISSOURI ARTS COUNCIL TRUST FUND | <u>(\$0 to \$4,000,000)</u> | <u>(\$0 to \$4,000,000)</u> | <u>(\$0 to \$4,000,000)</u> |

FISCAL IMPACT - Local Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

\$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 revise certain provisions governing the professional athletes and entertainers tax.

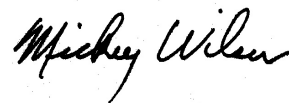
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

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

NOT RESPONDING

Office of the State Treasurer



Mickey Wilson, CPA
Director
February 9, 2009