

HCS HB 1786 -- INCOME TAX CREDIT TO ATTRACT SPORTING GAMES AND EVENTS

SPONSOR: Jones (89)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on General Laws by a vote of 9 to 3.

This substitute authorizes an income tax credit for the eligible costs, as specified in the substitute, for bringing eligible events such as conventions or sporting games to Missouri. "Eligible event" is defined in the substitute and is based on population characteristics of the areas where the events will occur. In order to receive the tax credit, the Department of Economic Development must certify the applicant's game or event support contract between the applicant and a site selection organization. These organizations are specified in the substitute and include the National Collegiate Athletic Association (NCAA) and the United States Olympic Committee (USOC).

Within 60 days of the conclusion of the game or event, the department, in consultation with the Director of the Department of Revenue, must determine the amount of tax revenues which is directly attributable or related to the game or event. Within 60 days of receiving documentation from the applicant of the eligible costs, the Department of Economic Development will issue a refundable tax credit equal to 100% of the eligible costs or 90% of the tax revenues within the market area which are directly attributable to the game or event, whichever is less. The applicant must submit evidence of the eligible costs within 60 days of the conclusion of the game or event.

No more than \$10 million of these tax credits can be issued by the department in any fiscal year, and the credit may be transferred or sold. The department is also limited to issuing no more than 75% of total tax credits for game promotion and no more than 25% of total tax credits for event promotion. Support contracts cannot be certified by the department later than six years from the effective date of the substitute; however, the department can certify contracts during this six-year period for games that will be held more than six years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$63,561 to \$10,063,516 in FY 2011, \$71,751 to \$10,071,751 in FY 2012, and \$73,903 to \$10,073,903 in FY 2013. No impact on Other State Funds in FY 2011, FY 2012, and FY 2013.

PROPONENTS: Supporters say that the bill will allow Missouri to

compete with states such as Ohio and Texas that use similar tax credits to attract games and conventions. Non-profit organizations bear significant risk in attracting and hosting large events and need help to continue attracting prominent events to Missouri. Tax credits will be awarded after the fact and will be based on the additional tax revenues generated by the event or game. Major sporting events at the college and amateur level have provided over \$228 million since 1994. Missouri is now at a competitive disadvantage in competing to host games.

Testifying for the bill were Representative Jones (89); St. Louis Sports Commission; and Doug Elgin, Missouri Valley Conference.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that it would be useful to expand the bill to include all types of conventions and events. It would also be good to allow for smaller event credits in small communities and allow audit mechanisms to ensure accuracy.

Testifying on the bill were St. Louis Convention and Visitors Commission; and Kitty Ratcliffe, St. Joseph Convention and Visitors Bureau.