COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0745H.02P
Bill No.: Perfected HCS for HB 326
Subject: Tax Credits; Taxation and Revenue - Income; Taxation and Revenue - General; Department of Revenue
Type: Original
Date: April 17, 2025

Bill Summary: This proposal modifies the provisions of the "Champion for Children" tax credit and the "Donated Food" tax credit relating to tax credit award denials.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue Fund*	($3,149,382)	Up to ($6,399,382)	Up to ($7,388,407)
Total Estimated Net Effect on General Revenue	**($3,149,382)**	**Up to ($6,399,382)**	**Up to ($7,388,407)**

*Oversight will reflect up to the maximum in the cap of $1.5 million (Champion for Children) and $1.75 million (Donate Food) in FY 2027 and annually thereafter, based on the extension of the sunset date from December 31, 2025 (FY 2026) to December 31, 2032 (FY-33). *HA 1 - Additionally, Oversight reflects Section 135.621 currently allows sunset as of December 31, 2024; however, this proposal extends the sunset to December 31, 2031 (FY 2032). Therefore, Oversight will reflect the potential full impact of the tax credit cap, as an average of $149,382, in continued costs to general revenue in FY 2026 and thereafter
*HA 2 - Lastly, Oversight reflects the potential increase in the tax credit cap for Section 67.3000 from $3 million to $6 million beginning in FY 2026. Additionally, Oversight reflects a continuation in tax credits for Sections 67.3000 & 67.3005 stemming from the extension of the sunset using the average redemption costs beginning in FY 2028.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Section 135.341 - Champion for Children Tax Credit

In response to the previous version of the proposal, officials from the **Office of Administration – Budget & Planning (B&P)** assumed this proposal makes technical changes to the language waiving any addition to tax, interest, and penalties on taxes due because tax credits being apportioned if the resulting tax due is paid within 60 days.

This proposal would also extend the sunset date for the Champion for Children tax credit from 2025 to 2032.

B&P notes that neither of these provisions will impact TSR or the calculation under Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume the champion for children tax credit program allows a taxpayer to receive a tax credit for donations they make to CASA, Child Advocacy Center, or Crisis Care Center. The tax credit cap is $1,500,000. The credit is an apportioned credit which requires DOR to calculate a lesser amount of credit should the number of credits being claimed exceed the cap. This proposal is adding language to extend the sunset to December 31, 2032.

In 2018, the cap on the credit was increased starting July 1, 2019, to $1.5 million annually. For informational purposes DOR is showing the number of credits redeemed annually over the last several years.

Fiscal Year	Apportioned Cap	Total Credit Redeemed
FY 2024	$1,500,000	$961,385.26
FY 2023	$1,500,000	$1,225,848.00
FY 2022	$1,500,000	$884,965.00
FY 2021	$1,500,000	$1,339,280.00
FY 2020	$1,500,000	$827,942.00
FY 2019	$1,000,000	$999,995.00
FY 2018	$1,000,000	$999,986.00
FY 2017	$1,000,000	$999,873.00
FY 2016	$1,000,000	$999,987.00

This proposal is adding language that when the credit is apportioned and DOR notifies the taxpayer of the reduced amount of the credit and any additional tax liability owed by the taxpayer from not receiving the full credit, the taxpayer will not owe any interest or penalties on the underpayment as long as they pay within 60 days of the receipt of notice. The current statutes do allow a person 60 days to make payment arrangements before instituting any penalties or fees. Therefore, this language would not have a fiscal impact.

Oversight will note that currently, Section 135.341. 7. (1) states that "in the event a credit denial, due to lack of available funds, causes a balance-due notice to be generated by the department of revenue, or any other redeeming agency, the taxpayer will not be held liable for any penalty or interest, provided the balance is paid, or approved payment arrangements have been made, within sixty days from the notice of denial".

Oversight notes the officials from the **DOR** and **B&P** both assume no fiscal impact stemming from the penalty-interest provision for the Champion for Children tax credit. Therefore, Oversight will reflect zero impact for this section in the fiscal note.

Oversight notes the last three-year (2022-2024) average redemption totaling $1,024,066 in tax credits at 50% contribution amounts.

Oversight notes the program would sunset as of December 31, 2025 (with redemption occurring in FY 2026) without this proposal. Therefore, **Oversight** will show an impact up to the max cap of $1.5 million in FY 2027, as a continuance of the program beyond the current sunset date.

<u>Section 135.647 - Donate Food Tax Credit – (Food Pantry)</u>

In response to the previous version of the proposal, officials from the **Office of Administration – Budget & Planning (B&P)** assumed this proposal would waive any addition to tax, interest, and penalties on taxes due because of tax credits being apportioned, if the resulting tax due is paid within 60 days. B&P notes that this would only apply to tax credits that are apportioned among taxpayers in the event that redemptions are greater than the amount allowed per statute or appropriation.

B&P notes that currently taxpayers are encouraged to remit their full tax liability, calculated before a tax credit, in the event that their tax credit claim is denied. However, for those taxpayers that do not remit the full amount and end up with a tax due notice, interest and penalties are currently levied on the overdue amount.

Based on information provided by DOR, this provision could reduce TSR by an unknown, likely minimal, amount.

This proposal would also extend the sunset date on the food pantry tax credit from 2026 to 2032. B&P notes that this provision will not impact TSR or the calculation under Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume the food pantry tax credit program allows a taxpayer to receive a tax credit for donations they make to a food pantry, soup kitchen or homeless shelter. The tax credit has a $1,750,000 cap. The credit is an apportioned credit which requires DOR to calculate a lesser amount of credit should the number of credits being claimed exceed the cap.

For informational purposes, the Department notes the Food Pantry tax credit program was created in 2007 and it had a sunset. In 2013, the sunset was extended, and the cap was lowered to $1,250,000. Then in 2014, the cap was increased to its current $1,750,000. In 2018, the sunset was extended until 2026. This proposal is adding language to extend the sunset until December 31, 2032. This is an apportioned credit, and it has been hitting its current cap the last several years. Below is information on the authorization, issuance and redemption of the credits over the last few years.

Year	Issued	Total Redeemed
FY 2024	$1,749,996.00	$1,749,996.00
FY 2023	$1,749,990.00	$1,749,990.00
FY 2022	$1,749,992.00	$1,749,992.00
FY 2021	$1,749,992.00	$1,749,992.00
FY 2020	$1,131,882.00	$1,131,882.00
FY 2019	$1,380,894.00	$1,380,894.00
FY 2018	$1,679,924.00	$1,679,924.00
FY 2017	$1,584,566.00	$1,584,566.00
FY 2016	$1,155,480.00	$1,155,480.00
FY 2015	$1,118,866.00	$1,118,866.00
FY 2014	$840,234.00	$840,234.00
FY 2013	$72,822.00	$72,822.00
FY 2012	$796,156.10	$796,156.10
TOTALS	$15,010,798.10	$15,010,798.10

This proposal is adding language that when the credit is apportioned and DOR notifies the taxpayer of the reduced amount of the credit and any additional tax liability owed by the taxpayer from not receiving the full credit, the taxpayer will not owe any interest or penalties on the underpayment as long as they pay within 60 days of the receipt of notice. Currently, many taxpayers fail to pay the total tax liability they owe minus the food pantry credit when submitting their return. Then when the apportionment occurs, they have not paid their full tax liability by the filing deadline and are assessed penalties or interest. This would help to rectify the situation. DOR assumes this would result in a minimal loss of general revenue from no longer collecting the penalties or fees.

Oversight notes the officials from the DOR and B&P both assume an immaterial fiscal impact stemming from this penalty-interest provision of the proposal for the Food Pantry Tax Credit.

Oversight notes that the proposal allows for similar remedy as above, Section 135.647. 3. (2) denotes the taxpayer shall not be held liable for any addition to tax, penalty, or interest on that tax balance due, provided the balance is paid, or approved payment arrangements have been made, within sixty days from issuance of the notice of credit denial.

Oversight is unsure of how many taxpayers previously receive notice of apportionment thus additional tax due. However, based on responses from DOR and B&P, Oversight will assume that the total amount of interest and penalties owed for this situation was not material. Therefore, for the purpose of this fiscal note, Oversight will not show a fiscal impact for these changes.

Oversight notes the last three years (2022-2024) average redemption totaling $1,750,000 in tax credits at 50% contribution amounts.

Oversight notes the program would sunset as of December 31, 2025 (with redemption occurring in FY 2026) without this proposal. Therefore, **Oversight** will show an impact up to the cap of $1.75 million in FY 2027, as a continuance of the program beyond the current sunset date.

HA 1 - Section 135.621 Diaper Bank Tax Credit

Officials from the **Department of Revenue (DOR)** assume this proposal modifies the Diaper Bank tax credit program. The credit sunset December 31, 2024.

DOR notes this program was adopted in 2018 and had a cap of $500,000 annually. No changes have been made to the program since it started. For informational purposes, DOR is showing the issuances and redemptions over the course of the tax credit.

Year	Issued	Redeemed
FY 2024	$173,152.90	$175,524.58
FY 2023	$136,018.86	$150,009.87
FY 2022	$182,018.00	$122,610.97
FY 2021	$189,453.90	$137,330.65
FY 2020	$189,628.19	$40,082.23
FY 2019	$0.00	$0.00
FY 2018	$0.00	$0.00

This proposal would be restarting the program which would result in a cost of $500,000 annually. Additionally, it would require us to update their computer program at a cost of $1,832.

In response to the similar/identical proposal, SB 95 (2025), officials from the **Office of Administration – Budget & Planning (B&P)** assumed this proposal makes various definition changes but does not change the total amount of tax credits that may be redeemed. This proposal also extends the sunset to December 31, 2031.

B&P noted that this provision will not impact TSR.

Oversight notes the following for the Diaper Bank Tax Credit:

Year	Authorized	Issued	Redeemed
FY 2024	$173,153	$173,153	$175,525
FY 2023	$136,019	$136,016	$150,010
FY 2022	$182,018	$182,018	$122,611
FY 2021	$189,454	$189,454	$137,331
FY 2020	$189,628	$189,628	$40,082

*Source: Tax Credit Analysis Forms – January 2025 submission

Oversight notes this proposal extends the sunset date for this program. The average, based on the three-year tax credit redemption, was $149,382 ($175,525+$150,010 + $122,611) / 3), rounded to nearest dollar, for FY 2022 to FY 2024.

Oversight notes this section currently allows sunset as of December 31, 2024; however, this proposal extends the sunset to December 31, 2031 (FY 2032). Therefore, Oversight will reflect the potential full impact of the tax credit cap, as an average of $149,382, in continued costs to general revenue in FY 2026 and thereafter.

HA 2 - 67.3000 - Tax Credit for Sporting Events - Tickets

Officials from the **Department of Revenue (DOR)** note:

This section is modifying the Sporting Events tax credit program that awards tax credits based on tickets sold to an event. The current program awards a credit of $5 per ticket sold or $10 per registered participant. The credit is refundable and administered by the Department of Economic Development (DED). No more than $2.7 million of the current $3 million cap is available for events held in St. Louis or Kansas City.

For informational purposes, DOR is providing the authorizations, issuances and redemptions since it was created in 2013.

Year	**Authorized**	**Issued**	**Total Redeemed**
FY 2024	$1,420,800.00	$2,169,547.16	$1,420,037.00
FY 2023	$446,618.79	$369,986.65	$1,011,839.85
FY 2022	$886,980.00	$1,599,747.12	$886,432.00
FY 2021	$7,799,425.00	$404,970.00	$128,770.00
FY 2020	$1,185,000.00	$1,132,640.00	$1,391,995.00
FY 2019	$1,265,000.00	$293,810.00	$1,420,500.00
FY 2018	$1,335,000.00	$1,584,090.00	$1,276,180.00
FY 2017	$5,296,200.00	$2,175,700.00	$1,316,815.00

FY 2016	$942,800.00	$7,800.00	$564,723.30
FY 2015	$728,708.00	$585,735.00	$38,610.00

This proposal is increasing the amount of the credit from $5 per ticket sold to $6 per ticket sold. It is also increasing the credit from $10 for every person registered to $12 per person. This proposal is also increasing the cap on the program from $3 million to $6 million and increasing the amount that Kansas City and St. Louis can receive from $2.7 million of the cap to $5.5 million of the cap. The increase in the cap to $6 million will result in an additional loss to the general revenue of $3 million annually.

Currently, this tax credit is a refundable credit. Applicants for the credit must submit an application with DED to be approved for the credits. This proposal adds language requiring DOR to issue those refunds within 90 days of the applicant's submission of a valid tax credit certificate. This proposal implies that an applicant for the tax credit will not have to file a tax return but just submit their tax certificate and DOR should refund the credit.

Since this tax credit has a cap that was not changed by this proposal, DOR assumes no additional fiscal impact from this proposal.

In response to the similar proposal, SB 184 (2025), officials from the **Office of Administration – Budget & Planning (B&P)** noted:

Section 67.3000 - This is a current program that is due to sunset on August 28, 2025 and has a cap of $3,000,000. This proposal will increase the cap to $6,000,000, so the TSR impact is a negative $3M. This proposal states that a refundable tax credit is issued to the applicant for either $6 for every admission ticket sold to such event or $12 for every registered participant if such event was participated-based. The current program is the least of: One hundred percent of eligible costs incurred by the applicant; an amount equal to $5 for every admission ticket sold to such event; or an amount equal to $10 for every paid participant registration if such event was participant-based and did not sell admission tickets. Removing the cost reimbursement for the ticket sales credit may change the current utilization rates of the program.

Oversight notes due to the high authorization in the tax credits, under this Section in FY 2017 and 2021, and anticipation of various Missouri sporting events in the future (i.e. Kansas City Chiefs repeated Super Bowl appearances, Kansas City hosting the Soccer World Cup in 2026, etc.) it is reasonable to expect tax credit issuances up to the maximum cap of $6 million annually.

Oversight notes the proposal, subsection 5 of section 67.3000 allows for an increase to the current cap of $3 million to up to $6 million annually beginning effective August 28, 2024 (FY 2026). Therefore, Oversight will note an impact of up to $3 million dollars in additional tax credits, beginning FY 2026, in the fiscal note.

Oversight notes that the average redemption costs from 2020 to 2024 were $967,815.

Oversight notes that this section sunsets in FY 2027; however, subsection 67.3005.5 allows the program to continue for another 6 years after August 28, 2025. Therefore, for purpose of this fiscal note, Oversight will show the average redemption totals from 2020 to 2024 ($967,815) as a continuance of the costs of this program in addition to the $3 million maximum cap, as an ongoing cost in FY 2028 and thereafter.

HA 2 - **Section 67.3005 - Sporting Event Prepay Tax Credit Program**

DOR noted this section modifies provision of the Amateur Sporting Events Prepay tax credit program. The Prepay tax credit program gives a tax credit to donors who help sponsor these types of events. The current credit is equal to 50% of the donation collected. The current program does not allow this credit to be refunded and it has a $10 million annual cap.

For informational purposes, DOR is providing the issuances and redemptions since the program was created in 2013.

Year	Authorized	Total Redeemed
FY 2023	$31,060.00	$15,000
FY 2022	$21,700.00	$22,500
FY 2021	$25,000.00	$27,500
FY 2020	$25,000.00	$22,500
FY 2019	$28,549.22	$18,549
FY 2018	$22,500.00	$20,000
FY 2017	$18,750.00	$12,500
FY 2016	$23,000.00	$0
FY 2015	$14,000.00	$0

This proposal lowers the cap on the program from $10 million to $500,000 annually. It also extends the sunset date on the program from 2019 to six years after 2026. This credit is expected to result in a savings to the state and general revenue of $9.5 million annually.

This proposal will result in DOR needing to modify the MO-TC form ($2,200), computer programs ($1,832) and website. These changes are estimated to cost $4,032.

Oversight notes the officials from DOR assume that DOR can handle the modifications of this program with existing staff and resources. Therefore, Oversight will reflect a zero impact in the fiscal note for DOR.

Oversight notes the proposal, subsection 3 of section 67.3005, allows for a decrease in the current cap of $10 million to up to no more than $5 million annually beginning August 28, 2024 (FY 2026).

Oversight notes in recent years the data shows that on average there was $26,262 in Authorizations, $15,710 in Issuances, and $21,210 in Redemptions respectively. Therefore, Oversight will not reflect any potential savings, as the current data trends show it will not reach the estimated $5 million amount.

Oversight notes that this section sunsets in FY 2027; however, this proposal allows the program to continue for 6 years after August 28, 2025. Therefore, Oversight, for purpose of this fiscal note, will reflect the average redemption totals from 2019 to 2023 in the amount of $21,210, as a continuance cost of this program in FY 2028 and annually thereafter.

In response to the similar proposal, SB 184 (2025), officials from the **Office of Administration – Budget & Planning (B&P)** assumed 67.3005 - Contribution tax credit will be decreasing the current cap from $10,000,000 down to $500,000, saving TSR $9,500,000.

<u>Bills as whole</u>:

In response to the similar proposal, SB 184 (2025), officials from the **Office of Administration – Budget & Planning (B&P**) stated this legislation will extend the sunset in 67.3000 RSMo from August 28, 2025 to August 28, 2032. The current cap is $3,000,000 and this fiscal note increases the cap to $6,000,000. Additionally, this legislation decreases the current cap in 67.3005 RSMo from $10,000,000 to $500,000. The overall effect is a savings of $6,500,000 to TSR.

Officials from the **Department of Commerce and Insurance (DCI)** note:

A potential unknown decrease of premium tax revenues (up to the tax credit limits established in the bill) in FY2025, FY2026, and FY2027 as a result of modifications to tax credits for certain sporting events. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the modified tax credit.

Oversight notes, for purposes of this fiscal note, the fiscal note does not reflect the possibility that some of the tax credits could be utilized against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

<u>Overall Bill:</u>

Officials from the **Oversight Division** state they are responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, the Oversight Division can absorb the cost with the current budget authority.

Officials from the **Department of Social Services (DSS)** and the **Department of Economic Development (DED)** both assume the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DSS.

Rule Promulgation
Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to the previous version of the proposal, officials from the **Office of the Secretary of State (SOS)** noted 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 $5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

FISCAL IMPACT – State Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
Costs – 135.341 – Champion for Children Tax Credit - extension of the sunset provision beyond December 31, 2025	$0	Up to ($1,500,000)	Up to ($1,500,000)
Costs – 135.647 – Food Pantry Tax Credit - extension of the sunset provision beyond December 31, 2025	$0	Up to ($1,750,000)	Up to ($1,750,000)
Costs - §§135.621 – Diaper Bank Tax Credit	Could Exceed ($149,382)	Could Exceed ($149,382)	Could Exceed ($149,382)

FISCAL IMPACT – State Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
Costs – Section §§67.3000.5 Tax Credit for Sport Tickets Sold increase	Up to ($3,000,000)	Up to ($3,000,000)	Up to ($3,000,000)
Costs – §67.3005.5 - Continuation of the program with new sunset (currently set to sunset 12/31/2025 – changed to 12/31/2031)	$0	$0	Could Exceed ($967,815)
Costs - §§67.3005.5 - Continuation of the program with new sunset (currently set to sunset 12/31/2025 – changed to 12/31/2031)	$0	$0	($21,210)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**($3,149,382)**	**Up to ($6,399,382)**	**Up to ($7,388,407)**

FISCAL IMPACT – Local Government	FY 2026 (10 Mo.)	FY 2027	FY 2028
	$0	**$0**	**$0**

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal where small business entity will be able to take advantage in the continuation of the tax credits beyond December 31,2025.

FISCAL DESCRIPTION

This bill amends the provisions of the "CHAMPION FOR CHILDREN TAX CREDIT."

Currently, if a taxpayer is denied a tax credit because of a lack of available funds, and that denial results in a balance owed to the State, the taxpayer has 60 days from the notice of denial to make payment arrangements. If the balance is not paid within 60 days from the notice, the remaining balance will be due and payable in the same manner as personal income tax.

This bill states that in the event of a full or partial denial of a tax credit because the cumulative maximum amount of credits has already been redeemed, and that denial results in an income tax balance owed to the State, the taxpayer will not be held liable for any additional tax, penalty, or interest on that income tax balance, provided that payment arrangements are made within 60 days from the issuance of the notice of the credit denial.

This bill repeals the language stating that if the balance is not paid within 60 days from the notice, the remaining balance will be treated as personal income tax.

This bill extends the expiration of the tax credit to December 31, 2032.
This bill also amends provisions of the "DONATED FOOD TAX CREDIT".

Currently, the Department of Revenue establishes procedures to ensure that taxpayers can claim all possible portions of the tax credit up to the cumulative amount available for the fiscal year.

This bill states that in the event of a full or partial denial of a tax credit because the cumulative maximum amount of credits has already been redeemed, and that denial results in an income tax balance owed to the State, the taxpayer will not be held liable for any additional tax, penalty, or interest on that income tax balance, provided that payment arrangements are made within 60 days from the issuance of the notice of the credit denial.

This bill extends the expiration of the tax credit to December 31, 2032.

DIAPER BANK TAX CREDIT

Current law authorizes a tax credit for contributions made to diaper banks. This act modifies the definition of "diaper bank" to require such entities to be a member of a national network organization serving all fifty states through which certification demonstrates nonprofit best practices, data-driven program design, and equitable distribution.

The tax credit sunsets on December 31, 2024. This act extends the sunset until December 31, 2031. (Section 135.621)

TAX CREDITS FOR SPORTS EVENTS

This bill amends a current tax credit to nonprofit organizations, described as "certified sponsors", that are active members of the Sports Events and Tourism Association. The term "certified sponsor" previously referred to nonprofit organizations that are active members of the National Association of Sports Commissions.

The certified sponsor currently must supply the Department of Economic Development (DED) with eligible costs and documentation of the costs evidenced by receipts, paid invoices, event settlements, or other documentation in a manner prescribed by the Department. Eligible costs may be paid by the applicant or an entity cohosting the event with the applicant, no more than 90 days after the sporting event.

This bill requires the certified sponsor to provide a ticket sales or box office statement verifying the total number of tickets sold for a qualifying sporting event, or, if the event was participant based, a list of all registered participants, no more than 90 days after the sporting event.

After DED receives documentation of the ticket sales or registered participants, it must issue refundable tax credits in the following manner:

1) An amount equal to $6 for every admissions ticket; or

2) An amount equal to $12 for every registered participant.

The Department of Revenue must pay the amount of the refundable tax credit to the applicant within 90 days of the applicant's submission of a valid tax credit certificate.

Currently, the amount of tax credits issued by the DED cannot exceed $3 million in any fiscal year. This bill raises that amount to $6 million. Currently, for all events located within Jackson County, St. Louis County, or St. Louis City, the total amount of tax credits issued cannot not exceed $2.7 million in any fiscal year. This bill raises that amount to $5.5 million.

Currently, support contracts cannot be certified by DED after August 28, 2025, provided that the support contracts may be certified on or prior to August 28, 2025, for sporting events that will be held after such date. This bill changes that date to August 28, 2031.

Currently, a certified sponsor or local organizing committee can apply for a tax credit that is equivalent to 50% of the amount of an eligible donation. Tax credits for eligible donations cannot exceed $10 million dollars in any fiscal year. The bill lowers that amount to $5 million dollars.

Currently, both tax credits will sunset on August 28, 2025. This bill extends that sunset to August 28, 2031. (Sections 67.3000 & 67.3005)

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

<u>SOURCES OF INFORMATION</u>

Office of Administration – Budget & Planning
Department of Revenue
Department of Economic Development
Joint Committee on Administrative Rules
Office of the Secretary of State

BB:LR:OD

Department of Social Services
Oversight Division

Julie Morff	Jessica Harris
Director	Assistant Director
April 17, 2025	April 17, 2025

BB:LR:OD