

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3020H.01I
Bill No.: HB 1524
Subject: Political Subdivisions; Entertainment, Sports and Amusements; Saint Louis City;
Economic Development; Tourism
Type: Original
Date: March 11, 2025

Bill Summary: This proposal enacts provisions authorizing an entertainment district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2032)
General Revenue	\$0	(Up to \$2,500,000)	(Up to \$2,500,000)	(Up to \$4,500,000)
Total Estimated Net Effect on General Revenue	\$0	(Up to \$2,500,000)	(Up to \$2,500,000)	(Up to \$4,500,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2032)
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2032)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2032)
Total Estimated Net Effect on FTE	0	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	Fully Implemented (FY 2032)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§67.1421, 67.1461 & 67.1505 – Entertainment Districts and Entertainment Tourism

Officials from **Department of Economic Development (DED)** assume §67.1505 creates a new program subject to appropriation that gives DED authority to expend funds for the purposes of promoting, developing, and supporting entertainment tourism within any entertainment district that applies through this program and is approved. The expenditures are limited to a portion of tax revenues derived directly or indirectly from any such promotion, development, and support of entertainment tourism as noted in an agreement with DED that is limited to 27 years in length. §67.1505.3(2)(b) states the annual amount of state appropriation shall not exceed \$2.5M per year for any fiscal year ending on or before June 30, 2031, and \$4.5M for any fiscal year thereafter.

No appropriation shall be made prior to July 1, 2026.

Officials for **Department of Revenue (DOR)** assume §§67.1421 & 67.1461 deal with Community Improvement Districts. This proposal would allow certain community improvement districts (CID) to form entertainment districts. This proposal also grants the entertainment districts rule-making authority to restrict weapons in their area and to impose curfews. These sections will not impact DOR.

DOR assumes §67.1505 deals with Entertainment Tourism. This proposal grants all the state Departments, including DOR, the right to expend their agency funds to promote entertainment tourism. DOR notes the duties and powers of the DOR are enumerated in Section 32.028 and promoting tourism is not listed. DOR is unsure if DOR could expend part of DOR's funding for tourism.

This proposal states the amount that can be expended must be limited to the portion of tax revenue derived directly from such promotion. Since the wording of this proposal requires the expenditure come from the revenue derived from the tourism activity, DOR is unclear what revenue would be eligible for expenditure.

This proposal further states the funding by the agency cannot exceed 27 years and is limited to no more than \$2,500,000 before June 30, 2031, and then up to \$4,500,000 for each year thereafter. The appropriation of the funds by the agency cannot start until July 1, 2026 (FY 2027).

DOR notes that DOR's funding is appropriated by the general assembly from general revenue. DOR assumes any expenditure of funding for tourism would require authorization by the general assembly in the way of appropriation authority. DOR assumes an unknown impact.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume §§67.1421 and 67.1461 will have no impact for this proposal. B&P assume §67.1505 is created allowing any Missouri state department to expend funds for promoting, developing, and supporting entertainment tourism in entertainment districts in the City of St. Louis. Applications for such a program shall be made to and approved by the Department of Economic Development no later than August 28, 2027. Any expenditures and agreements a state department enters into with an entertainment group shall not exceed 27 years and be limited to a portion of tax revenues derived directly or indirectly from any such promotion. Appropriations for this program are capped at \$2.5M per year and can be made beginning in FY 2027 and end in FY 2031. Beginning in FY 2032, appropriations for this program are capped at \$4.5M per year. DED must present an annual fiscal report on behalf of state departments within 90 days of the end of a fiscal year to the Governor and GA detailing if the program produced a net positive impact for the state.

Therefore, the fiscal impact of the program is \$2.5M beginning in FY 27, and \$4.5M beginning in FY 32.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DED, DOR and B&P.

Oversight assumes §67.1421.2(6) defines an entertainment district specifically for St. Louis City and §67.1461.3 establishes additional powers that entertainment districts have. Oversight assumes no fiscal impact for these sections of the proposal.

Oversight assumes §67.1505.3(2) places limits of expenditures for state departments under an agreement with an entertainment district for entertainment tourism. Appropriations will not begin prior to July 1, 2026 and the term of the appropriations under the agreements shall not exceed 27 years. The appropriations can be appropriated by the general assembly to the state agencies starting in FY27 up to \$2,500,000 until June 30, 2031. Starting in FY32, the appropriations are increased to \$4,500,000 and thereafter. Therefore, Oversight will reflect these amounts in the table below.

Officials from the **Department of Commerce and Insurance**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Missouri Department of Agriculture**, the **Department of Public Safety (Office of the Director & Missouri Highway Patrol)**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri National Guard** the **Office of Administration**, the **Office of the State Auditor** and **Joint Committee on Administrative Rules** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2032)
GENERAL REVENUE				
Costs - §67.1505 – to various state agencies who enter into an agreement with entertainment districts to promote entertainment tourism	\$0	(Up to \$2,500,000)	(Up to \$2,500,000)	(Up to \$4,500,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	(Up to \$2,500,000)	(Up to \$2,500,000)	(Up to \$4,500,000)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2032)
	\$0	\$0	\$0	\$0

FISCAL IMPACT – Small Business

Small businesses within an entertainment district could be impacted by this proposal.

FISCAL DESCRIPTION

This bill creates numerous provisions relating to entertainment districts, a term defined in the bill.

Currently, petitions to establish community improvement districts require, among other things, signatures from more than 50% of the owners of real property within the boundaries of the proposed district. This bill would exempt an entertainment district from this requirement.

This bill grants entertainment districts all the powers of community improvement districts as well as the following additional powers:

- (1) To restrict the carrying of weapons in designated areas such as parks, public events, and other public spaces within the boundaries of the district;
- (2) To promulgate and enforce rules relating to curfews and the presence of unaccompanied minors in public spaces during specified hours unless accompanied by a parent or guardian; and
- (3) To hire and train public safety and security personnel to enforce the laws of the municipality and the rules of the entertainment district.

The bill authorizes state departments to expend funds for the purpose of promoting, developing, and supporting entertainment tourism through an application process. These expenditures are limited to a portion of the tax revenues derived directly or indirectly from the promotion or development supported by the annual expenditure, as stated in an agreement between the district and the state department. These agreements require the following:

- (1) The term of the appropriation cannot exceed 27 years;
- (2) The annual amount of the appropriation cannot exceed \$2.5 million per fiscal year ending before June 30, 2031, and \$4.5 million for any subsequent fiscal year;
- (3) The promotion, development, and support must produce a positive net fiscal impact for the State over the term of the agreement; and
- (4) The Department of Economic Development will make an annual report to the Governor and General Assembly within 90 days of the end of each fiscal year detailing whether the promotion, development, and support produced a positive net fiscal impact for the prior fiscal year and projecting the overall impact to the State over the term of the agreement.

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

Department of Economic Development
Department of Revenue
Office of Administration - Budget and Planning
Department of Commerce and Insurance
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Mental Health
Department of Natural Resources
Department of Labor and Industrial Relations
Department of Public Safety
 Office of the Director
 Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Office of the State Auditor

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Joint Committee on Administrative Rules
Missouri National Guard
Missouri Department of Agriculture

A handwritten signature in black ink that reads "Julie Morff". The script is cursive and fluid.

Julie Morff
Director
March 11, 2025

A handwritten signature in black ink that reads "Jessica Harris". The script is cursive and fluid.

Jessica Harris
Assistant Director
March 11, 2025