

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3216H.01I
Bill No.: HB 1580
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				
Transfer out - §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 adds definitions for "entertainment districts" and provides that entertainment districts are not required to file a petition that has been signed by more than 50% per capita of all owners of real property within the proposed district's boundaries. The bill also outlines the additional powers each entertainment district has within its boundaries.

This bill provides that "state departments", as defined in the bill, may fund entertainment tourism in the entertainment district if approved by the Department of Economic Development (DED) by August 28, 2027. Any annual expenditures by a state department must be limited to a portion of the tax revenues derived directly or indirectly from any promotion, development, and support of entertainment tourism supported by that annual expenditure within the entertainment district. This annual expenditure is subject to the agreement between the entertainment district and the state department.

The bill provides that the Director of the DED must make an annual written report on behalf of DED to the Governor and General Assembly within 90 days. This report must detail fiscal impact for the State in the prior fiscal year and project the overall net fiscal impact of the annual

expenditures to the State over the term of the agreement between the state department and the entertainment district.

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 Revenue

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

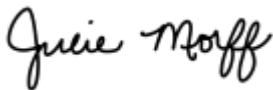
Office of Administration

Office of the State Auditor

Joint Committee on Administrative Rules

Missouri National Guard

Missouri Department of Agriculture



Julie Morff

Director

March 11, 2025



Jessica Harris

Assistant Director

March 11, 2025