

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7139H.01I
 Bill No.: HB 3518
 Subject: Taxation and Revenue - Income; Entertainment, Sports and Amusements; Athletics;
 Department of Revenue
 Type: Original
 Date: March 23, 2026

Bill Summary: This proposal modifies provisions relating to the allocation of certain nonresident income tax revenues.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$20,471,025)**	(\$40,942,049)	(\$40,942,049)
Total Estimated Net Effect on General Revenue	(\$20,471,025)**	(\$40,942,049)	(\$40,942,049)

*Oversight notes all non-resident athlete and entertainer (A&E) tax revenues are to be deposited into the newly created "Nonresident Entertainer and Professional Athletic Team Income Tax Fund" rather than general revenue beginning tax year 2027.

**Oversight notes the fiscal impact for FY 2027 is lesser because FY 2027 is a partial year (6 months).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Nonresident Entertainer and Professional Athletic Team Income Tax Fund*	\$20,471,025	\$40,942,049	\$40,942,049
Total Estimated Net Effect on <u>Other</u> State Funds	\$20,471,025	\$40,942,049	\$40,942,049

*Oversight notes all non-resident athlete and entertainer (A&E) tax revenues are to be deposited into the newly created "Nonresident Entertainer and Professional Athletic Team Income Tax Fund" rather than general revenue beginning tax year 2027.

**Oversight notes the fiscal impact for FY 2027 is lesser because FY 2027 is a partial year (6 months).

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§143.183 - Certain Nonresident Income Tax Revenues

Officials from the **Department of Revenue (DOR)** note the Athlete & Entertainer's tax is collected as part of the individual income tax owed. The money is deposited into general revenue. Each year the Office of Administration estimates the amount that will be remitted from this tax and is required by statutes to deposit the equivalent amount into several state funds. The distribution is to be 60% to the Missouri Arts Council, 10% to the Missouri Humanities Council, 10% to the Missouri State Library Networking fund, 10% to the public television broadcasting and the remaining 10% goes to public radio stations.

This proposal would require that 100% of the amount collected from the athlete & entertainer tax must be deposited directly into the Athlete & Entertainer Fund which will be required to be deposited into the following funds:

Missouri Arts Council Trust 60%
Missouri Humanities Council Trust 10%
Missouri State Library Networking Fund 10%
Missouri Public Broadcasting Corporation 10%
Dept of Natural Resources for the MO Historic Preservation Revolving Fund 10%

This new distribution is to begin January 1, 2027.

This proposal does not change the amount of revenue that will be received by the state only the distribution of the funds. DOR is not part of the current distribution process, and this proposal does not make DOR a part of it. Therefore, this will not fiscally impact DOR.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal would require all non-resident athlete and entertainer (A&E) tax revenues to be deposited into the newly created "Nonresident Entertainer and Professional Athletic Team Income Tax Fund" rather than general revenue beginning tax year 2027.

In FY25, A&E collections were \$40,942,049. Therefore, this proposal could decrease GR by up to \$40,942,049 annually once fully implemented.

Officials from the **Rolling Hills Consolidated Library** assume by taking these funds out of the general fund and creating a separate fund, these amounts are more likely to be fully allocated to recipient agencies without political favor or bias and therefore could positively impact library funding in Missouri. While the library receives only 10% of the total funds collected, the library

has also never received the full 10% amount under the current statute. This change appears to provide greater financial support for public libraries.

Officials from the **Springfield-Greene County Library District** assume this bill has a positive impact on their organization. Under current operations, the A&E funding is routinely being siphoned off to general fund expense and not fully dedicated to its original intent of supporting Arts and Culture. The result has been lower funds allocated to its original purpose. By designating these funds to a special account, it would provide more accountability in seeing the funds spent on the intended purpose.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the Office of Administration - Budget and Planning.

Oversight notes all non-resident athlete and entertainer (A&E) tax revenues are to be deposited into the newly created "Nonresident Entertainer and Professional Athletic Team Income Tax Fund" rather than general revenue beginning tax year 2027.

Oversight notes the fiscal impact for FY 2027 is lesser because FY 2027 is a partial year (6 months).

Based on the total FY25 collections of \$40,942,049 reported by the Office of Administration - Budget and Planning, Oversight assumes the following distributions of the A&E tax.

Fund	Distribution %	Estimated Amount
Missouri Arts Council Trust	60%	\$24,565,229
Missouri Humanities Council Trust	10%	\$4,094,205
Missouri State Library Networking Fund	10%	\$4,094,205
Missouri Public Broadcasting Corporation	10%	\$4,094,205
Dept of Natural Resources for the MO Historic Preservation Revolving Fund	10%	\$4,094,205

Officials from the **Department of Natural Resources, Office of the State Treasurer, Office of Administration**, and the **Office of the Lieutenant Governor** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other public libraries were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (6 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Revenue Loss</u> – (§143.183) Nonresident income tax revenue no longer deposited p.5	<u>(\$20,471,025)</u>	<u>(\$40,942,049)</u>	<u>(\$40,942,049)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$20,471,025)</u>	<u>(\$40,942,049)</u>	<u>(\$40,942,049)</u>
NONRESIDENT ENTERTAINER AND PROFESSIONAL ATHLETIC TEAM INCOME TAX FUND			
<u>Revenue Gain</u> – (§143.183) Nonresident income tax revenue collected p.5	<u>\$20,471,025</u>	<u>\$40,942,049</u>	<u>\$40,942,049</u>
ESTIMATED NET EFFECT ON NONRESIDENT ENTERTAINER AND PROFESSIONAL ATHLETIC TEAM INCOME TAX FUND	<u>\$20,471,025</u>	<u>\$40,942,049</u>	<u>\$40,942,049</u>
<u>FISCAL IMPACT – Local Government</u>	FY 2027 (6 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, the Commissioner of the Office of Administration annually estimates the amount of State income tax revenues collected and received from nonresident members of professional athletic teams and nonresident entertainers. A percentage of that revenue is then allocated to the

following organizations for a period of 31 years, subject to appropriations, beginning with fiscal year 2000:

- (1) To the Missouri Arts Council Trust Fund, 60%;
- (2) To the Missouri Humanities Council Trust Fund, 10%;
- (3) To the Missouri State Library Networking Fund, 10%;
- (4) To the Missouri Public Television Broadcasting Corporation Special Fund, 10%; and
- (5) To the Missouri Department of Natural Resources, 10%.

The funds are transferred, subject to appropriations, from the General Revenue Fund to the Missouri Arts Council Trust Fund.

This bill repeals the appropriation process and instead creates a "Nonresident Entertainer and Professional Athletic Team Income Tax Fund" into which the revenues collected will be directly deposited. The funds will then be allocated to the Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, Missouri State Library Networking Fund, and the Missouri Department of Natural Resources at the same percentages that are currently allocated from the tax revenues collected and received from nonresident members of professional athletic teams and nonresident entertainers.

The change is for the fiscal year beginning on or after July 1, 2027, and for each subsequent fiscal year beginning on or before December 31, 2060.

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 Natural Resources
Office of the Lieutenant Governor
Office of Administration - Budget and Planning
Office of the State Treasurer
Office of Administration
Rolling Hills Consolidated Library
Springfield-Greene County Library District



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March 23, 2026

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