

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0078-03
Bill No.: HCS for HB 363
Subject: Arts and Humanities; Revenue Dept.; Taxation and Revenue - Income
Type: Original
Date: April 6, 2009

Bill Summary: Would create the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund and revise the distribution of funds from the professional athletes and entertainers tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
Total Estimated Net Effect on General Revenue Fund	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund	\$2,000,000	\$2,000,000	\$2,000,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$2,000,000	\$2,000,000	\$2,000,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a previous version of this proposal would not result in additional costs or savings to their organization.

BAP officials stated that the proposal would change the distribution of funds received from the nonresident professional athletes and entertainers' tax. The law currently states that sixty percent of the annual estimate of revenues generated from the tax shall be allocated annually to the Missouri Arts Council Trust Fund. The proposal would change the percentage to fifty and removes the ten million dollar fiscal year cap on appropriations for the Missouri Arts Council. The proposal would also provide for two million dollars or ten percent of the nonresident professional athletes and entertainers' tax revenues to be transferred to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund annually, ending in 2016.

Officials from the **Office of the State Treasurer**, the **Department of Revenue**, the **Office of Administration, Administrative Hearing Commission** and **Division of Accounting**, and the **City of Kansas City** assume this proposal would have no fiscal impact to their organizations.

Officials from the **Department of Economic Development, Missouri Arts Council** (MAC) assume this proposal would create a new 10% Cultural Partner. MAC's 60% share of the A&E tax funding would be reduced to 50%. The 'guaranteed' minimum of \$2 million per year would reduce the MAC Trust Funds' corpus by this amount, which could impact programs and services.

MAC officials provided information regarding recent years' collections. Collections were \$24,030,829 for FY 2006, \$28,005,030 for FY 2007, and \$28,055,015 for FY 2008. In addition, MAC officials informed us that annual transfers to the MAC Trust Fund had been limited to the annual cap on appropriations of \$10 million.

ASSUMPTION (continued)

Officials from the **City of St. Louis**, the **City of Springfield**, and **St. Louis County** did not respond to our request for information.

Oversight notes that this proposal would change the allocation of proceeds from the nonresident athletes and entertainers tax. The allocation to the Missouri Arts Council would be reduced from sixty percent to fifty percent, and an amount equal to ten percent of the annual estimate of taxes generated would be transferred to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund.

Based on reported collections and current statutory requirements, **Oversight** assumes that annual transfers to the Missouri Arts Council Trust Fund should be approximately (60% x \$28 million) = \$16.8 million; this proposal would reduce the transfer requirement to approximately \$14 million per year. Oversight assumes that the estimated amount of state income tax revenues from the Nonresident Athletes and Entertainers Tax would be at least as much as the amount at which the Missouri Arts Council Trust Fund allocation would equal the current \$10 million limit. Based on the current \$10 million transfers being made in lieu of the required 50% of estimated revenues, Oversight assumes that \$2 million would be allocated and transferred to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund.

Accordingly, Oversight will indicate a \$2 million annual transfer from the General Revenue Fund to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Transfer out</u> - Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
MISSOURI JUNETEENTH HERITAGE AND JAZZ FESTIVAL FUND			
<u>Transfer in</u> - General Revenue Fund	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
ESTIMATED NET EFFECT ON MISSOURI JUNETEENTH HERITAGE AND JAZZ FESTIVAL FUND	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal would create the Juneteenth Festival Fund and revise certain provisions governing the professional athletes and entertainers tax.

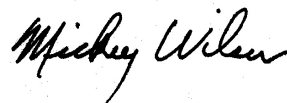
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Treasurer
Office of Administration
 Administrative Hearing Commission
 Division of Budget and Planning
Department of Economic Development
 Missouri Arts Council
Department of Revenue
City of Kansas City

NOT RESPONDING

City of St. Louis
City of Springfield
St. Louis County



Mickey Wilson, CPA
Director
April 6, 2009