

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0182-01
Bill No.: HB 94
Subject: Entertainment, Sports and Amusements, Revenue Dept.; Taxation and Revenue - Sales and Use
Type: Original
Date: February 10, 2009

Bill Summary: Would authorize a sales tax exemption for fees and dues paid to any health or fitness club or facility.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)
Total Estimated Net Effect on General Revenue Fund	(\$6,500,000)	(\$6,500,000)	(\$6,500,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
School District Trust	(\$2,200,000)	(\$2,200,000)	(\$2,200,000)
Conservation Commission	(\$300,000)	(\$300,000)	(\$300,000)
Parks, and Soil and Water	(\$200,000)	(\$200,000)	(\$200,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$2,700,000)	(\$2,700,000)	(\$2,700,000)

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	(\$5,500,000)	(\$5,500,000)	(\$5,500,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would not result in additional costs or savings to their organization. BAP officials also provided this estimate of the fiscal impact.

This proposal would exempt health club dues and fees from sales tax. According to the 2002 US economic census, fitness and recreational sports centers in Missouri had receipts in the amount of \$177 million. Assuming a growth rate of 3% each year, estimated receipts in 2009 would be \$218 million. Therefore, this proposal could reduce general and total state revenues by the following amounts annually:

GR	\$6.5 million
Education	\$2.2 million
Conservation	\$0.3 million
DNR	\$0.2 million
Local (2.5%)	\$5.5 million

Oversight will use the BAP estimate and assume for the purposes of this fiscal note that the amount of sales tax revenue reductions would be same for FY 2010, FY 2011, and FY 2012.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Revenue reduction</u> - sales tax exemption	<u>(\$6,500,000)</u>	<u>(\$6,500,000)</u>	<u>(\$6,500,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$6,500,000)</u>	<u>(\$6,500,000)</u>	<u>(\$6,500,000)</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction</u> - sales tax exemption	<u>(\$2,200,000)</u>	<u>(\$2,200,000)</u>	<u>(\$2,200,000)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(\$2,200,000)</u>	<u>(\$2,200,000)</u>	<u>(\$2,200,000)</u>
CONSERVATION COMMISSION FUND			
<u>Revenue reduction</u> - sales tax exemption	<u>(\$300,000)</u>	<u>(\$300,000)</u>	<u>(\$300,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(\$300,000)</u>	<u>(\$300,000)</u>	<u>(\$3,000,000)</u>
PARKS, AND SOIL AND WATER FUNDS			
<u>Revenue reduction</u> - sales tax exemption	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUNDS	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL GOVERNMENTS			
<u>Revenue reduction</u> - sales tax exemption	<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>	<u>(\$5,500,000)</u>

FISCAL IMPACT - Small Business

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

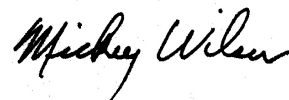
FISCAL DESCRIPTION

This proposal would authorize a sales tax exemption for fees and dues paid to any health or fitness club or facility.

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 Administration
Division of Budget and Planning
Department of Revenue



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Director
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