

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2730-01
Bill No.: SB 809
Subject: Entertainment; Taxation and Revenue - Sales and Use
Type: Original
Date: January 2, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$4,315,862)	(\$6,232,105)	(\$6,749,370)
School District Trust	(\$1,438,621)	(\$2,077,368)	(\$2,249,790)
Conservation	(\$179,828)	(\$259,671)	(\$281,224)
Parks and Soil	(\$143,862)	(\$207,737)	(\$224,979)
Total Estimated Net Effect on <u>All</u> State Funds	(\$6,078,173)	(\$8,776,881)	(\$9,505,363)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(\$2,157,931)	(\$3,116,052)	(\$3,374,685)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation, as worded, would exempt the sales of movie tickets from state and local sales tax. This bill would not have an administrative impact on DOR. DOR assumes the revenue impact is unknown.

In a similar prior proposal, officials from the **Office of Administration - Budget and Planning (BAP)** stated this proposal would exempt the admission to movie theaters from state and local sales tax. BAP prepared an estimate of money spent in Missouri on movie theater admissions, based on the Personal Consumption Expenditure series published by the U.S. Department of Commerce. BAP assumed Missouri represents 1.9% of the total which is Missouri's share of total personal income. BAP assumed 8.3% growth, the average of the last two years.

Since **Oversight** assumes the exemption will become effective on October 1, 2001, the fiscal year revenue losses for both state and local sales tax would be \$8.2 million in FY03, \$11.9 million in FY04 and \$12.9 million in FY05.

This proposal would result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (9 Mo.)	FY 2004	FY 2005
<u>Loss to State Funds:</u>			
General Revenue Fund	(\$4,315,862)	(\$6,232,105)	(\$6,749,370)
School District Trust Fund	(\$1,438,621)	(\$2,077,368)	(\$2,249,790)
Conservation Sales Tax Fund	(\$179,828)	(\$259,671)	(\$281,224)
Parks and Soil Sales Tax Fund	<u>(\$143,862)</u>	<u>(\$207,737)</u>	<u>(\$224,979)</u>
ESTIMATED NET EFFECT ON ALL FUNDS	<u>(\$6,078,173)</u>	<u>(\$8,776,881)</u>	<u>(\$9,505,363)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (9 Mo.)	FY 2004	FY 2005
<u>Loss to Political Subdivisions</u>	<u>(\$2,157,931)</u>	<u>(\$3,116,052)</u>	<u>(\$3,374,685)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (9 Mo.)	FY 2004	FY 2005
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(\$2,157,931)</u>	<u>(\$3,116,052)</u>	<u>(\$3,374,685)</u>
<u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

This act exempts from state and local sales taxes all amounts paid or charged for admission to a motion picture theater.

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
Office of Administration
Budget and Planning



Jeanne Jarrett, CPA
Director
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