

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1457-01
Bill No.: HB 726
Subject: Holidays; Taxation and Revenue - Income
Type: Original
Date: April 5, 2013

Bill Summary: This proposal would create the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund, and would change the distribution of funds from the professional athletes and entertainers tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund	Up to \$2,000,000	Up to \$2,000,000	Up to \$2,000,000
Missouri Arts Council Trust Fund	(Up to \$2,000,000)	(Up to \$2,000,000)	(Up to \$2,000,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 9.161 and 143.183 RSMo. - Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund:

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** assume that this proposal would not have a fiscal impact to their organization in excess of existing resources.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)**, assume this proposal would not result in a fiscal impact to their organization.

BAP officials stated that this proposal would change the distribution of funds received from the nonresident professional athletes and entertainers' tax. The proposal would change the allocation for the Missouri Arts Council from sixty percent to fifty percent. The proposal would also provide for the greater of \$2 million or ten percent of the nonresident professional athletes and entertainers' tax to be transferred to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund. There would be no impact to General or Total State Revenues.

Officials from the **Department of Economic Development, Missouri Arts Council (MAC)**, assume this proposal would have a significant fiscal impact on their organization through reduced funding to the Missouri Arts Council Trust up to \$2 million per year.

ASSUMPTION (continued)

Officials from the **City of Kansas City** stated this proposal would result in \$10,000 to \$40,000 per year in potential savings. Kansas City currently funds a Juneteenth Festival each year with appropriations from the Neighborhood Tourist Development Fund financed by the Kansas City convention and tourism tax. This legislation would allow the state treasurer to disburse funds for a Kansas City Juneteenth festival from the "Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund" financed by state income taxes collected from nonresident entertainers and professional athletes.

Oversight notes that the City of Kansas City currently provides funding for a Juneteenth Festival from local funds. Although the availability of state funding from the nonresident entertainers and professional athletes would allow the City to reduce or eliminate the local funding, that would be a local decision and Oversight will not include that change in the fiscal note for this proposal.

Officials from the **Office of the State Treasurer**, the **Department of Natural Resources**, the **Department of Revenue**, and **St. Louis County** each assume the proposal would not fiscally impact their respective agencies.

Officials from **Jackson County** did not respond to our request for information.

Oversight notes 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 the proposal would require an amount equal to the greater of \$2 million or ten percent of the annual estimate of taxes generated to be transferred to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund.

ASSUMPTION (continued)

Oversight also notes that reported collections from the nonresident athletes and entertainers tax are approximately \$30 million per year, and that program revenues actually transferred to the Missouri Arts Council have been substantially lower than amounts which would be indicated by current provisions. Based on the expected continuation of smaller transfers to the Missouri Arts Council, Oversight assumes that ten percent of program revenues could be allocated and transferred to the Missouri Juneteenth Heritage Fund without further reducing the amount appropriated and transferred to the Missouri Arts Council. However, for fiscal note purposes, Oversight will indicate a transfer up to \$2 million per year for the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund, and a corresponding reduction in transfers up to \$2 million per year to the Missouri Arts Council Trust Fund. Finally, Oversight notes the proposal would only authorize transfers to the Missouri Juneteenth Heritage and Jazz Festival and Memorial Fund for FY 2014, FY 2015, and FY 2016.

Because the proposal would not change the total amount allocated to cultural entities from program revenues, Oversight will not indicate an impact to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
MISSOURI ARTS COUNCIL TRUST FUND			
<u>Revenue reduction - Missouri Arts Council</u>			
Reduced allocation of program revenues Section 143.183	(Up to <u>\$2,000,000</u>)	(Up to <u>\$2,000,000</u>)	(Up to <u>\$2,000,000</u>)
ESTIMATED NET EFFECT ON THE MISSOURI ARTS COUNCIL TRUST FUND	(Up to <u>\$2,000,000</u>)	(Up to <u>\$2,000,000</u>)	(Up to <u>\$2,000,000</u>)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**MISSOURI JUNETEENTH
 HERITAGE AND JAZZ FESTIVAL
 AND MEMORIAL FUND**

Additional Revenue - Missouri
 Juneteenth Heritage and Jazz Festival and
 Memorial Fund

Allocation of program revenues Section 143.183	Up to <u>\$2,000,000</u>	Up to <u>\$2,000,000</u>	Up to <u>\$2,000,000</u>
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**ESTIMATED NET EFFECT ON
 MISSOURI JUNETEENTH
 HERITAGE AND JAZZ FESTIVAL
 AND MEMORIAL FUND**

	Up to <u>\$2,000,000</u>	Up to <u>\$2,000,000</u>	Up to <u>\$2,000,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation would create the Missouri Juneteenth Heritage Memorial Fund, and would change the distribution of funds from 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 Secretary of State
Office of the State Treasurer
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Economic Development
 Missouri Arts Council
Department of Revenue
City of Kansas City

Not Responding:
Jackson County



Ross Strope
Acting Director
April 5, 2013