

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0721-01
Bill No.: SB 277
Subject: Gambling; Taxation and Revenue; Cities, Towns and Villages
Type: Original
Date: March 21, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$29,299)	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$29,299)	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government*	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

*** This proposal redistributes revenues between municipalities in St. Louis County.**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Gaming Commission** assumes this proposal would not fiscally impact their agency.

Officials from the **City of Maryland Heights** assumes this proposal would result in a loss in revenue of \$16,700,000 to their city.

Officials from the **Department of Revenue (DOR)** state the legislation would change the distribution of the local excursion gambling boat taxes within St. Louis County. The distribution of the gambling tax receipts would be included in Chapter 144 and these receipts are to be distributed based on the formulas currently applicable to St. Louis County sales tax receipts.

DOR assumes they will have to modify the MITS sales tax mainframe system to allow for the deposit of these receipts without being processed with a return. Also, distribution programs will have to be changed to calculate the gambling boat tax receipts into the overall St. Louis County distributions. This project is estimated to take 727 hours of programming at a cost of \$24,569. State Data Center implementation costs will be \$4,730.

Officials from **St. Louis County** state that the allocation basis for the "pool city sales tax" is the population totals for all of the communities participating in the pool. Currently, Maryland Heights has an estimated population of 25,443. The total population of all of the pool cities in St. Louis County is roughly 686,544, therefore, Maryland Heights receives roughly 3.706% ($25,443 / 686,544$) of the sales tax proceeds that are divided among all of the pool cities. This percentage will fluctuate with shifts in population.

Oversight assumes the proposal redistributes the gaming boat's gross receipts taxes collected for the City of Maryland Heights and not the admissions tax. This amounted to \$4,756,975 in FY 2000 and is on pace to be roughly \$4,826,000 ($\$3,217,529$ for eight months x 1.5) in FY 2001. Applying the sales tax allocation percentage to the \$4.8 million tax collection estimate, Oversight assumes the City of Maryland Heights will retain roughly \$177,900 ($\$4,800,000$ x 3.706%) of the gaming boat's gross receipts tax and the remainder, \$4,622,100 will be distributed to the pool cities within St. Louis County. Oversight assumes a 3 percent growth factor in revenues.

This legislation allows other dock cities or counties to participate in similar revenue sharing programs, however, for purposes of this fiscal note, Oversight assumes the other dock cities will not participate in such a program.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
<u>Costs</u> - programing for DOR	(\$29,299)	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
CITY OF MARYLAND HEIGHTS			
<u>Loss</u> - sharing of gaming tax	(\$3,851,750)	(\$4,760,760)	(\$4,903,580)

OTHER POOL CITIES IN ST. LOUIS COUNTY

Revenue - sharing of gaming tax	\$3,851,750	\$4,760,760	\$4,903,580
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FISCAL IMPACT - Small Business

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

DESCRIPTION

Current law imposes a 20% tax on adjusted gross receipts of gambling games on excursion gambling boats. The designated home dock city or county receives 10% percent of that tax money (i.e. 2% of adjusted gross receipts) "for use in providing services necessary for the safety of the public visiting an excursion gambling boat". Current law requires the Director of Revenue to distribute these local tax receipts to the designated home dock city or county, unless the home dock entity has entered into a sharing agreement with other cities or counties.

This proposal requires the Director of Revenue to distribute local gambling tax receipts owed to St. Louis County, or any municipality within St. Louis County, pursuant to the distribution formulas currently applicable to St. Louis County sales tax receipts. The act respects existing contractual agreements for revenue sharing, but prohibits future contractual agreements for revenue sharing within St. Louis County.

DESCRIPTION (continued)

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

Missouri Gaming Commission
Department of Revenue
St. Louis County
City of Maryland Heights



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Director
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