

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

LR No.: 994-02  
Bill No.: SCS for SB 249 & 523  
Subject: Political Subdivisions: Sports, Amusement  
Type: Original  
Date: April 9, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$4,052,613)	(\$4,972,817)	(\$8,782,332)
School District Trust	(\$1,341,105)	(\$1,526,271)	(\$2,792,169)
<b>Total Estimated Net Effect on <u>All</u> State Funds *</b>	<b>(\$5,393,718)</b>	<b>(\$6,499,088)</b>	<b>(\$11,574,501)</b>

\* Subject to Appropriation

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government*</b>	<b>\$5,364,419</b>	<b>\$6,499,088</b>	<b>\$11,574,501</b>

\* Subject to state appropriation.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

**FISCAL ANALYSIS**

ASSUMPTION

SECTION 67.642 JACKSON COUNTY SPORTS AUTHORITY and ST. LOUIS SAVVIS CENTER:

Officials of the **Office of Administration** stated they have reviewed the information submitted by the Jackson County Sports Complex Authority and believe their estimates of sales tax collected are reasonable.

Officials of the **Jackson County Sports Complex Authority** made sales tax estimates based on Missouri state sales tax generated at the Harry S. Truman Sports Complex for the year 1999. Officials stated that in 1999 the amount of sales tax collected was \$3,305,545. Based on that figure officials estimate the sales tax collections for:

2002	\$3,603,044
2003	\$3,711,135
2004	\$3,822,469

A 3% inflation factor was applied.

**Oversight** assumes these estimates were based on the state tax rate of 4.225% Oversight assumes that the state's portion would be 4% rather than 4.225% and calculated the revenue loss to the General Revenue Fund based on that assumption. Oversight assumed a 3% annual growth rate for inflation.

Officials of the **City of St. Louis - Savvis Center** submitted the following sales tax information. Based on figures supplied, the State's portion of 4%, would be as follows. FY 2002 figures are figured for 10 months, and a 3% annual inflation factor has been applied. Officials estimated sales tax as follows:

2002	\$2,550,207
2003	\$3,020,721
2004	\$3,111,342

Oversight for the purposes of this fiscal note assumes this proposal would be effective September 1, of fiscal year 2002, and is subject to appropriation. Oversight assumes that for 10 months of FY 2002 the loss of revenue to the State's General Revenue Fund would be \$4,023,314 and the loss to the School District Trust Fund is estimated at \$1,341,105. Loss of revenue in FY 2003 is estimated at \$4,972,817 for the State's General Revenue Fund and \$1,526,271 for the School District Trust Fund. Loss of revenue to the GR Fund in FY 2004 is estimated to be \$5,122,001

ASSUMPTION (continued)

and \$1,572,059 to the School District Trust Fund. Estimates are made based on the assumption that the state's portion would be 4%, ( 3% state and 1% school trust).

SECTION 67.2050 - 67.2071 GREATER ST. LOUIS SPORTS AUTHORITY:

Officials of the **Office of Administration** provided estimates of the amount of sales tax that would be diverted from the State's General Revenue Fund, and the State's School Trust Fund.

Officials stated that the estimates were provided by the Comptroller for the St. Louis Cardinal organization. The estimates provided were made based on the following statistics:

- 1) For the 2001 season and each subsequent season, it is assumed that attendance will be 3.0 million. Officials stated that the team has announced a ticket price increase of 21% for 2001, which could depress attendance.
- 2) For the 2002 season and beyond, officials assume a 5% annual increase in ticket prices and constant annual attendance of 3.0 million.
- 3) For concessions, officials assumed a 3% increase in revenues for 2001 and each subsequent year.
- 4) Based on these numbers and based on 2000 actual attendance of 3,334,000 officials estimated that the average price of a ticket was about \$21, and the average fan spent about \$10 on concessions.
- 5) These estimates could fluctuate up or down, depending on team performance.

Officials stated that in the year 2000 the States's portion of sales tax collected for the General Revenue Fund (3%) was \$3,097,689 and the School Trust Fund (1%) share was \$1,032,563. Based on these numbers officials made the following estimates of sales tax revenues that would be generated in the years of 2001, 2002, and 2003, 2004, and 2005.

<u>Year</u>	<u>General Revenue Fund</u>	<u>School Trust Fund</u>
2001	\$3,213,900	\$1,071,300
2002	\$3,356,055	\$1,118,685
2003	\$3,504,762	\$1,168,254
2004	\$3,660,331	\$1,220,110
2005	\$3,823,088	\$1,274,363

ASSUMPTION (continued)

Officials of the **Office of the State Treasurer** assume no fiscal impact to their office.

Officials of the **City of St. Louis** stated that for a new stadium to be built the City of St. Louis would have an investment cost of \$73 million dollars, which would have a negative fiscal impact on the City.

Officials of the **Jefferson County Commission** assume no fiscal impact to their county.

Officials of the **Department of Revenue** assume that the DOR would have to identify the businesses that have sales within/on the grounds of the sports complex. DOR's MITS sales tax mainframe system would need to be modified to recognize the new item tax for either sports location- St. Louis or Kansas City. The figures reported on the item tax line would need to be calculated and deposited to the Convention and Sports Complex Fund or Sports Facilities Fund. DOR would need 727 hours of programming at a cost of \$24,569 to handle the modification to the tables and to the registration subsystem to identify the businesses. State Data Center implementation costs would be \$4,730. Officials assume the revenue impact is unknown.

**Oversight** assumes, based on language contained in Section 67.2068 of this proposal, that the Sports Authority established in Section 67.660 RSMo., could retain the State's portion of sales taxes generated by sales inside, on the grounds of, or for tickets to any event in, any sports facility which is owned, leased, subleased, or operated by the authority. According to Section 67.661 RSMo., the Greater St. Louis Sports Authority's current powers are to study and review major sports leagues within St. Louis City, and analyze the possibilities for future growth and expansion of existing and new major sports leagues, clubs, or franchises in the City. Therefore Oversight assumes that the Authority does not currently own a sports stadium, which would be able to generate state sales tax, and assumes that if this proposal becomes law, that the earliest fiscal year that fiscal impact would affect the State's General Revenue Fund and School Trust Fund would be fiscal year 2004. For the purposes of this fiscal note Oversight will show fiscal impact to be first realized in FY 2004. If this assumption is not correct and fiscal impact would first occur in FY 2003, the estimates supplied by the Cardinals Baseball Franchise, show fiscal impact for FY 2003 in the Assumption section under Office of Administration.

**Oversight assumes that language in Section 67.2053, subsections 5 and 6, provides the potential for additional costs for the State of Missouri. Sections 5 and 6 provides that when the Authority determines that money of the authority will not be sufficient for the payment of the principal and interest on its bonds during the next state fiscal year, or when the debt service reserve fund is below the level required in the resolution or indenture securing the bonds, the Governor would be required to submit to the General Assembly certification of the amount of funds that would be necessary to restore funds to the level**

ASSUMPTION (continued)

**required.**

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<b><u>Loss</u></b> to General Revenue Fund from City of St. Louis (67.642)*	(\$1,912,655)	(\$2,364,042)	(\$2,434,963)
<b><u>Loss</u></b> to General Revenue Fund from (Section 67.642)* KC	(\$2,110,659)	(\$2,608,775)	(\$2,687,038)
<b><u>Loss</u></b> to General Revenue Fund from sales tax (67.2050 to 67.2071)*	\$0	\$0	(\$3,660,331)
<b><u>Cost</u></b> to DOR Data Center Costs	<u>(\$29,299)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE</b>	<b><u>(\$4,052,613)</u></b>	<b><u>(\$4,972,817)</u></b>	<b><u>(\$8,782,332)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<b><u>Loss</u></b> to School District Trust Fund from (Section 67.642)* KC	(\$703,553)	(\$869,592)	(\$895,680)
<b><u>Loss</u></b> to School District Trust Fund from (Section 67.642)* STL.	(\$637,552)	(\$656,679)	(\$676,379)
<b><u>Loss</u></b> to School District Trust Fund from (Section 67.2050-67.2071) STL.	<u>\$0</u>	<u>\$0</u>	<u>(\$1,220,110)</u>
<b>ESTIMATED NET EFFECT TO SCHOOL DISTRICT TRUST FUND</b>	<b><u>(\$1,341,105)</u></b>	<b><u>(\$1,526,271)</u></b>	<b><u>(\$2,792,169)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b><u>Income</u></b> to Jackson County Sports Complex Authority from sales tax retention of State's portion* (Section 67.642)	\$2,814,212	\$3,478,367	\$3,582,718
<b><u>Income</u></b> to City of St. Louis Special Fund from sales tax retention of State's portion* (Section 67.642)	\$2,550,207	\$3,020,721	\$3,111,342
<b><u>Income</u></b> to Greater St. Louis Sports Authority Facilities Fund from State's portion of sales tax *	<u>\$0</u>	<u>\$0</u>	<u>\$4,880,441</u>
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENTS</b>	<b><u>\$5,364,419</u></b>	<b><u>\$6,499,088</u></b>	<b><u>\$11,574,501</u></b>

**\* Subject to Appropriation**

FISCAL IMPACT - Small Business

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

DESCRIPTION

This substitute requires that all state sales tax revenues collected within certain sports complexes located in Jackson County and the City of St. Louis be placed in the Convention and Sports Complex Fund. Funds will be appropriated solely for the maintenance and refurbishment of the complexes.

This act significantly expands the authority and function of the existing Greater St. Louis Sports Authority. Under current law the Authority has the narrow purpose of studying all existing sports leagues, clubs and franchises operating in the city, analyzing the possibilities for future growth and expansion of major league sports in the St. Louis area, and filing an annual report on their findings.

This act would expand the Authorities powers and duties to include the following: 1. To acquire, lease, plan, construct, operate, finance and maintain sports facilities for major league baseball located in the city of St. Louis; 2. To charge and collect fees and rent for such facilities; and 3.

DESCRIPTION (continued)

To borrow money to fulfill their duties, including the authority to issue bonds. Prior to the initial issuance of bonds for construction of a new professional baseball facility, the act requires that the Authority receive local matching funds from the city, counties, or private sources in an amount equal to one year's sales tax revenues attributable to sales at Busch Stadium. Neither the taxing power of the state, nor direct appropriations of tax revenues may be pledged for the payment of principal or interest on any such bonds issued by the Authority. Interest on bonds issued by the Authority is exempt from state income tax.

The act requires the Authority to set aside and award at least 15% of its contracts and employment to minorities.

The act creates the Sports Facilities Fund to hold rents, fees, charges, and other income of the Authority. All interest earned is credited to the Fund.

The act requires that the state's portion of all sales tax revenue generated from sales on the grounds of, or for tickets to any event held at, a baseball stadium owned, leased or operated by the Authority to be placed in the Sports Facilities Fund and be used solely for the maintenance, repair and improvement of the facility. The act requires the Authority to file a report every year and to be audited biennially.

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 the State Treasurer  
Department of Revenue  
Office of Administration  
City of St. Louis  
Jefferson County Commission



Jeanne Jarrett, CPA  
Director  
April 9, 2001