

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 4768-01
Bill No.: SB 1364
Subject: Taxation and Revenue - Local Sales Tax; Entertainment; Cultural Arts
Type: Original
Date: March 8, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	\$0	\$0	\$0

***Oversight assumes annual cost would not exceed annual income resulting in either a \$0 or a positive annual fund balance. For purposes of this fiscal note, Oversight assumes zero fiscal impact.**

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue, Department of Economic Development, Division of Tourism,** and the **State Courts Administrator** assume no fiscal impact to their agencies.

Officials of the **Department of Transportation (MoDOT)** assume this legislation would allow Theater, Cultural Arts and Entertainment Districts to be formed by voters. Such districts would be political subdivisions of the state. Voters may approve a sales tax to fund the purposes of the district. Such purposes include, the funding, promoting and providing of educational, civic, musical, theatrical, cultural, and other entertainment events as well as the funding of the design, construction and improvement of public improvements and transportation projects in the district.

The number of Entertainment Districts that would be formed, the number that would want transportation improvements and the number of transportation improvements that may impact the state highway system is unknown. If the districts do not allocate funding for state transportation projects, this legislation would have no fiscal impact to MoDOT. However, if the districts do allocate funding for state transportation projects, this legislation would have a positive unknown fiscal impact.

ASSUMPTION (continued)

Officials from the **County and City of St. Charles** did not respond to our fiscal note request.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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COUNTY OF ST. CHARLES

<u>Income</u> to Theater, Cultural Arts, and Entertainment District Fund from local sales tax increase	Unknown	Unknown	Unknown
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<u>Cost</u> to Entertainment District for programs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT TO LOCAL GOVERNMENT*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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***Oversight assumes annual cost would not exceed annual income resulting in either a \$0 or a positive annual fund balance. For purposes of this fiscal note, Oversight assumes zero fiscal impact.**

FISCAL IMPACT - Small Business

Small businesses within the Entertainment District would be expected to collect/remit the additional sales tax as a result of this proposal.

DESCRIPTION

This proposal enables Saint Charles County to establish a theater, cultural arts, and entertainment district. The sales tax in the district shall be up to one-half of one percent. The act establishes minimum criteria for the formation of the district, including land area, and petition requirements.

The district will be controlled by a board of directors, the number of which must be specified in the petition. The act lays out criteria for the board of directors. The board has various powers, including the power to issue bonds. The bonding power is provided in detail in the act.

Public meetings regarding the formation of the district must take place before the governing body of the county can put the proposal to a vote of the people in the proposed district. Once the governing body of the county approves a resolution to establish the district, a vote is authorized. After it is approved, the district shall be formalized by an ordinance from the governing body.

The proposal allows for subdistricts in the district that may oppose the creation of the district and thereby avoid the sales tax to support the district. The act establishes a procedure for forming a governing body for a subdistrict.

If there are no registered voters in a subdistrict, one or more property owners who collectively own one or more parcels of real estate comprising at least a majority of the land situated in the proposed subdistricts within the proposed district may file a petition with the circuit court requesting the creation of a theater, cultural arts, and entertainment district. The circuit clerk of the county in which the petition is filed pursuant to this section shall present the petition to the judge, who shall set the petition for hearing. The court shall hear the case without a jury. If the court determines the petition is defective or the proposed district or its plan of operation is unconstitutional, it shall refuse to incorporate the district. If the court determines the petition is not legally defective and the proposed district and plan of operation are not unconstitutional, the court shall order an election for voter approval and certify the questions to the circuit clerk.

The proposal contains ballot language for the formation and possible dissolution of the district. In the event that a district is dissolved, the act contains provisions to govern such dissolution.


The sales tax is to be collected by the municipality and placed into a special trust fund for the purposes of the district. The proposal also contains sourcing language for the treatment of out-of-district purchases.

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
Department of Economic Development - Tourism
State Courts Administrator
Department of Transportation

NOT RESPONDING: County of St. Charles and City of St. Charles

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 8, 2004