

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 2075-02
Bill No.: SB 523
Subject: City of St. Louis: Sports, Amusement
Type: Original
Date: March 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	\$0	(\$3,660,331)
School District Trust	\$0	\$0	(\$1,220,110)
Total Estimated Net Effect on <u>All</u> State Funds *	\$0	\$0	(\$4,880,441)

* Subject to Appropriation

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
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	\$4,880,441

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

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.

In response to almost identical legislation from last session the **Department of Revenue** stated that this proposal would have no administrative impact on the department, however, there would be fiscal impact to certain state funds. Officials stated fiscal 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 required.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
Loss to General Revenue Fund from sales tax *	\$0	\$0	(\$3,660,331)

SCHOOL DISTRICT TRUST FUND

Loss to School District Trust Fund from sales tax *	\$0	\$0	(\$1,220,110)
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*** Subject to appropriation**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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SPORTS FACILITY FUND

Income to Greater St. Louis Sports Authority Facilities Fund from State's portion of sales tax *	\$0	\$0	\$4,880,441
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*** 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 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.

DESCRIPTION (continued)

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. 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



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Director
March 12, 2001