

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2005-06		FY 2006-07	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	392,893	(850,000 to 1,300,000)	354,108	(850,000 to 1,300,000)
CASH FUNDS	850,000 to 1,300,000	850,000 to 1,300,000	850,000 to 1,300,000	850,000 to 1,300,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,242,893 to 1,692,893	0	1,204,108 to 1,654,108	0

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 296 would create the Tourism Supplemental Revenue Fund in the Department of Economic Development. The fund would be used by the Travel and Tourism Division to: 1) supplement its General and cash fund appropriations, and to 2) provide matching grants to local tourism promotion groups. The fund could not be used for constructing or enhancing a physical structure, attraction or facility, or to pay for any overhead or administrative costs. The Travel and Tourism Division would be directed to report annually to the Legislature regarding the use of the fund.

LB 296 provides that if sales tax revenue in tourism categories (as defined in LB 296) increased by 3% from one fiscal year to another, the Department of Revenue would direct the State Treasurer to transfer ½ of any increase over 3% to the Tourism Supplemental Revenue Fund.

Any transfer to the Tourism Supplemental Revenue Fund would result in decreased General Fund revenue. It is estimated that the annual transfer from the General Fund to the Tourism Supplemental Revenue Fund could total \$850,000 (Department of Revenue estimate) to \$1,300,000 (Department of Economic Development estimate). The Department of Economic Development would allocate one-half of the funding for matching grants and use the other half for operating expenses related to tourism promotion.

The Department of Revenue does not currently track sales tax filings with enough precision to determine the exact amount of revenue received from the business classifications included in LB 296. The Department of Revenue states that in order to obtain exact data, all current sales and use tax permit holders would be relicensed. The agency estimates that the relicensing process could cost \$392,893 General Funds in FY2005-06 and \$354,108 General Funds in FY2006-07. Costs would primarily involve expenses to notify licensees of relicensing requirements, process license applications and compile licensing data. The Department of Revenue notes that after FY2006-07, once the relicensing process is completed, the cost to track this data would be significantly diminished.

Any fiscal impact to political subdivisions as a result of LB 296 would depend upon the level of matching grants provided to local units of government.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
Dept. of Revenue – No basis to disagree with agency analysis.					
Dept. of Economic Development – No basis to dispute agency analysis of potential revenue.					