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PREPARED BY: Doug Gibbs
DATE PREPARED: January 30, 2012
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LB 903

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

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

LB 903 amends Nebraska Revised Statutes dealing with taxation to exempt youth sports events or youth sports leagues conducted by a political subdivision or 501(c)(3) organization from sales and use tax. The bill has an operative date of July 1, 2012 and contains the emergency clause.

“Sports event” is defined to mean a tournament or single competition that occurs over a limited period of time annually or intermittently where the participants engage in a sport.

“Sports league” is defined to mean an organized series of sports competitions taking place over several weeks or months between teams or individuals who are members of the league.

“Youth sports event or youth sports league” are defined to mean an event or league that is restricted to participants who are less than 19 years of age.

The bill also changes the definition of “admissions” to mean the right or privilege to have access to a place or location where amusement, entertainment, or recreation is provided to an audience, spectators, or the participants in the activity.

LB 903 also defines “entertainment”, “recreation”, and “access to a place or location.”

The Department of Revenue indicates that the exemption for entry fees for youth sports events or leagues charged by political subdivisions or nonprofit organization will result in a minimal reduction in sales tax revenue.

In terms of current revenue lost if LB 903 becomes law, it appears that tax remittance has been inconsistent at best with taxpayers submitting or not submitting taxes when they did or did not have tax liability. The confusion over the current statute has probably led to a high degree of noncompliance and any tax revenue actually collected has probably been relatively small, so in terms of lost revenue the Department is probably correct.

We do not completely agree with the Department’s estimate of fiscal impact. Given the number of youth sports leagues and youth sports events conducted each year in Nebraska, we believe the amount of potential revenue currently forgone could be substantial. However, we are unable to estimate a dollar amount of fiscal impact because of the lack of precise data regarding number of events, number of leagues, fees charged, and number of participants.

Therefore, while we believe there is probably a relatively small net loss of General Fund revenue as a result of LB 903, we are unable to provide a credible estimate of that loss.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	1/31/12	PHONE	471-2526
COMMENTS					
DEPARTMENT OF REVENUE: No basis upon which to disagree.					

