Doug Gibbs January 30, 2012 402-471-0051 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		

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.

DEPART	MENT OF ADMINISTRATIVE SERVICES			
REVIEWED BY Lyn He	eaton DATE 1/31/12	PHONE 471-2526		
COMMENTS				
DEPARTMENT OF REVENUE: No basis upon which to disagree.				

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

Fiscal Note

2012

M. C.		State Agenc	y Estimate	7012		
State Agency Name: Department	of Revenue		LEGIS	Sta	Date Due LFA:	
Approved by: Douglas Ewald		Date Prepared	i:	3-2014	Phone: 471-5700	
	FY 2012	2-2013	FY 2013	3-2014 CAL	FY 201	<u>4-2015</u>
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		See below	į	See below		See below
Cash Funds						
Federal Funds						
Other Funds						<u> </u>
Total Funds		See below		See below		See below

LB 903 amends the sales tax statutes by revising the definition of admissions and providing for an exemption for entry fees for youth sports events or youth sports leagues charged by political subdivisions or nonprofit organizations qualified under IRC §501(c)(3). Youth sports events or leagues are restricted to those with participants less than 19 years of age.

LB 903 defines admissions as "the right or privilege to have access to a place or location where amusement, entertainment, or recreation is provided" like current REG-1-044 does. LB 903 requires the amusement, entertainment, or recreation to be provided to an audience, spectators, or the participants in the activity. The bill further defines "access to a place or location" as "the right to be at the place or location" at a time when the general public does not have that right. "Entertainment" would mean "an amusement or diversion provided to an audience or spectators by performers" and "recreation" would mean "a sport or activity engaged in by participants for purposes of refreshment, relaxation, or diversion." Finally, admissions would not include a lease or rental where the right to grant access is contracted to the lessee.

The exemption for entry fees for youth sports events or youth sports leagues charged by political subdivisions or nonprofit organizations will result in a minimal reduction in sales tax revenue.

There are no costs to the Department to implement this bill.

	Maj	or Objects of E	Expendit	ure			
Class Code	Classification Title	12-13 FTE	13-14 FTE	14-15 <u>FTE</u>	12-13 Expenditures	13-14 Expenditures	14-15 Expenditures
Operating Costs							
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