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**LB 1085**

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		(\$ 2,665,000)		(\$ 6,885,000)
CASH FUNDS		\$ 2,665,000		\$ 6,885,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$ 0		\$ 0

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

LB 1085 creates the Tourism Development Act. The bill has an operative date of January 1, 2013.

The bill provides that state sales tax revenue collected by a nearby retailer and by associated hotels shall be transferred to the Tourism Development Fund, which is created by the bill.

From the Tourism Development Fund, 50% of the state sales tax revenue is to be appropriated to any city of the metropolitan class. The appropriation is to be used by the city to encourage tourism in the city. The only city of the metropolitan class in Nebraska is Omaha.

The remaining 50% of the state sales tax revenue is to be appropriated to the Travel and Tourism Division of the Department of Economic Development.

An "associated hotel" is defined to mean any publicly or privately owned facility in which the public may, for a consideration, obtain sleeping accommodations that is located within 450 yards of an eligible facility, and has commenced collecting sales tax on or after January 1, 2013 through December 31, 2014.

An "eligible facility" means (a) a publicly owned convention and meeting center facility approved for state assistance under the Convention Center Facility Financing Assistance Act on or before June 1, 2007 located in a city of the metropolitan class; (b) a publicly owned sports arena facility attached to such convention and meeting center facility; (c) a publicly or privately owned sports arena facility constructed after June 1, 2007 located in a city of the metropolitan class.

The bill defines "nearby retailer" as a retailer located within 600 yards of an eligible facility, as defined in (a) and (b) above, and includes only those retailers that have commenced collecting sales tax beginning on or after January 1, 2013 through December 31, 2014. For a eligible facility defined in (c) above an nearby retailer includes only those within 600 yards who have commenced collecting sales tax during the 12 months prior to occupancy of the eligible facility and ending 12 months after occupancy of the eligible facility. It does not include any retailer doing business at any hotel.

LB 1085 requires the Department of Revenue to develop informational returns for the nearby retailers to use when reporting sales tax. The returns are to be given to the nearby retailers near the eligible facility. The Tax Commissioner is to determine the amount of sales tax collected by the nearby retailers and associated hotels.

The bill also provides that any city of the metropolitan class that has received a grant of assistance under the Civic and Community Center Financing Act may not receive an appropriation of state sales tax revenue under this Act.

**NOTE:** Language in the bill provides that the Legislature "shall appropriate" funds. A bill can state legislative intent to appropriate but cannot mandate such an appropriation.

In addition, Section 5 of the bill provides that a city of the metropolitan class that has received a grant under the Civic and Community Center Financing Act may not receive an appropriation under the Tourism Development Act. A city of the metropolitan class is effectively prohibited from receiving a grant from the Civic and Community Center Financing Act under Sections 13-2705 and 13-2706.

Continued

The Department of Revenue estimates that LB 1085 will result in the following fiscal impact:

Fiscal Year:	General Fund:	State Highway Capital Improvement Fund:	Tourism Development Fund:
FY2012-13:	(\$ 2,665,000)	\$ 0	\$ 2,665,000
FY2013-14:	(\$ 6,885,000)	(\$ 279,000)	\$ 7,213,000
FY2014-15:	(\$ 7,413,000)	(\$ 300,000)	\$ 7,413,000

The Department indicates there will be minimal cost to implement LB 1085.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates the following fiscal impact to the Highway Allocation Fund:

FY2012-13:	\$ 0
FY2013-14:	(\$ 49,000)
FY2014-15:	(\$ 53,000)

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact