PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 27, 2014 402-471-0051

**LB 783** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	l <b>4-1</b> 5	FY 2015-16			
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE			
GENERAL FUNDS		(\$2,643,000)		(\$132,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$2,643,000)		(\$132,000)		

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 783 amends the Sports Arena Financing Assistance Act.

The bill amends the act to provide that instead of only an annual determination and certification by the Tax Commissioner of sales tax revenue collected from retailers doing business at an eligible sports arena facility, the sports arena admissions, and the new revenue collected by nearby retailers, that the determination and certification are now done quarterly.

The State Treasurer shall now transfer the amount of sales tax revenue certified by the Tax Commissioner to the Sports Arena Facility Support Fund on a quarterly basis. The bill also provides that an annual audit shall continue to be done and following the annual audit, the State Treasurer shall transfer an amount to or from the fund necessary to reconcile the quarterly estimated transfers.

Money is then to be transferred to any political subdivision for which an application for state assistance under the Act has been approved on a quarterly basis instead of an annual basis.

Currently, audit and certification of the amount of new state sales is done annually, after the close of the fiscal year during which the tax revenue was generated. That amount is then certified by December and becomes part of the appropriations process that begins in January of the following year.

The bill has an operative date of July 1, 2014 and contains the emergency clause.

The State Treasurer has indicated no fiscal impact to the Treasurer's office as a result of LB 783.

We agree with the State Treasurer's estimate of fiscal impact.

The Department of Revenue notes that the timing of the estimates and the appropriations are not spelled out in LB 783. Assuming the bill would cause the transfers to the fund to occur during the year the new state sales tax revenue is generated so that the fund can be appropriated quarterly, the Department estimates the following fiscal impact to the General Fund:

FY2014-15: (\$ 2,643,000) FY2015-16: (\$ 132,000) FY2016-17: (\$ 139,000)

The reductions to the General Fund are due to the timing of the transfers which accelerates payments to the fund.

The Department of Revenue indicates no additional cost to implement the provisions of LB 783.

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 783 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY: Lyn Heaton			DATE: 1/29/2014	PHONE: 402.471.4181	
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.					

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 783 AM: AGENCY/POLT. SUB: State Treasurer's Office					
REVIEWED BY: Lyn Heaton			DATE: 1/28/2014	PHONE: 402.471.4181	
COMMENTS: Concur. No fiscal impact on the State Treasurer's Office.					

LB <sup>(1)</sup> 783			FISCAL NOTE
State Agency OR Political Subdivision Name: (2	State Treasure	r	
Prepared by: (3) Jason Walters	Date Prepared: (4)	January 14, 2014 Phone: (5)	402-471-2793
ESTIMATE PROV	IDED BY STATE AGEN	CY OR POLITICAL SUBDIVISION	ON
<u>EXPENDITURI</u>	<u>Y 2014-15</u> <u>ES REVENUE</u>	<u>FY 2013</u> <u>EXPENDITURES</u>	REVENUE
GENERAL FUNDS			
CASH FUNDS	<u> </u>		
FEDERAL FUNDS		_	
OTHER FUNDS		_	
TOTAL FUNDS	<u> </u>		
Explanation of Estimate: No fiscal impact			
BREA	KDOWN BY MAJOR OB.	JECTS OF EXPENDITURE	<del>_</del>
Personal Services:	NUMBER OF POSITION	IC 0014.17	2017.16
POSITION TITLE	14-15 15-16	IS 2014-15 EXPENDITURES	2015-16 EXPENDITURES
		_	
Benefits		_	
Operating			
Travel			
Capital outlay			
Aid			
Capital improvements			
TOTAL			

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	1/22/2014	
Approved by: Kim Conroy	Approved by: Kim Conroy Date Prepared:						
	FY 2014	4-201 <u>5</u>	FY 201:	5-2016	FY 2016-2017		
	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	
General Funds		(\$2,643,000)		(\$132,000)		(\$139,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$2,643,000)		(\$132,000)		(\$139,000)	

LB 783 would amend three sections of the Sports Arena Facility Financing Assistance Act to require the Department to estimate and certify the amount of new state sales tax revenue from retailers doing business at the eligible sports arena, from box office sales at events held at the sports arena, and the increase in state sales tax collected by nearby retailers. The estimates are to be made quarterly and certified to the State Treasurer for transfer into the Sports Arena Facility Support Fund. The quarterly estimates are then reconciled to the actual numbers after audit and any differences are certified to the State Treasurer for transfer in or out of the Sports Arena Facility Support Fund. The appropriations from the Fund to the applicant/city are also to occur quarterly under LB 783.

Currently, the audit and certification of the amount of new state sales tax is done annually, after the close of the fiscal year during which the new state sales tax revenue was generated. The amount is then certified by December and becomes part of the appropriations process of the Legislature that start in January of the following year.

The timing of the estimates and the appropriations are not spelled out in LB 783. But, assuming the bill would cause the transfers to the fund to occur during the year the new state sales tax revenue is generated so that the fund can be appropriated quarterly, the estimated reduction to the General Fund would be as follows:

FY 2014-2015	\$ 2,643,000
FY 2015-2016	\$ 132,000
FY 2016-2017	\$ 139,000

The reductions to the General Fund are due to the change in the timing of the transfers.

The bill carries the emergency clause.

It is estimated that there will be no costs to the Department to implement this bill.

Major Objects of Expenditure							
		14-15	15-16	16-17	14-15	15-16	16-17
Class Code	Classification Title	<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	Expenditures	<u>Expenditures</u>
Benefits							
	Operating Costs.						
Travel							
Capital Outlay							
Aid							
Capital Improvements.							
Total							