

### Fiscal Estimate - 2021 Session

Original                     
  Updated                     
  Corrected                     
  Supplemental

<b>LRB Number</b> <b>21-4369/1</b>	<b>Introduction Number</b> <b>AB-0574</b>
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**Description**  
 sales tax exemption for entertainment admission sales by nonprofit organizations

**Fiscal Effect**

**State:**

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations<br><input type="checkbox"/> Decrease Existing Appropriations<br><input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues<br><input checked="" type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs |
|---|---|---|

**Local:**

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> No Local Government Costs<br><input type="checkbox"/> Indeterminate<br>1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>4. <input checked="" type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|---|

**Fund Sources Affected** **Affected Ch. 20 Appropriations**

- GPR     FED     PRO     PRS     SEG     SEGS

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Travis Arthur (608) 266-8565	Ann DeGarmo (608) 266-7179	9/30/2021

## Fiscal Estimate Narratives

DOR 9/30/2021

LRB Number	21-4369/1	Introduction Number	AB-0574	Estimate Type	Original
<b>Description</b> sales tax exemption for entertainment admission sales by nonprofit organizations					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, if a nonprofit organization sells admissions to an event involving entertainment, the sales of those admissions are exempt from sales tax if the payment for entertainment is no more than \$10,000 or sales of tangible personal property occur on more than 75 days during the year or taxable receipts from such sales do not exceed \$50,000.

Under the bill, the payment threshold for entertainment is increased from \$10,000 to \$50,000.

Using FY 2021 department data, there were 807 nonprofit (NAICS 813- Religious, Grantmaking, Civic, Professional, and Similar Organizations) filers with taxable sales of less than \$50,000. Total sales tax collections from these filers was \$506,000.

The department does not have data regarding payment to entertainers. For illustrative purposes, assuming 10% of the taxes paid by nonprofits in FY 2021 was for entertainment exceeding \$10,000, sales tax collections are estimated to decrease by about \$50,600 ( $\$506,000 * 10\%$ ) under the bill. To the extent additional filers outside of NAICS 813 are eligible for this exemption, the fiscal estimate could be larger.

County tax collections were 8.2% of state collections, assuming this share remains the same, county tax collections are estimated to decrease by about \$4,100 under the bill.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> <b>21-4369/1</b>	<b>Introduction Number</b> <b>AB-0574</b>	
<b>Description</b> sales tax exemption for entertainment admission sales by nonprofit organizations		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs                      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$See Text
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Travis Arthur (608) 266-8565	Ann DeGarmo (608) 266-7179	9/30/2021