

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1364

STATE OF NEW JERSEY  
218th LEGISLATURE

DATED: JANUARY 17, 2019

SUMMARY

- Synopsis:** Provides funding from the General Fund to the Greater Wildwoods Tourism Improvement and Development Authority.
- Type of Impact:** Increased State cost.
- Agencies Affected:** Greater Wildwoods Tourism Improvement and Development Authority (authority), New Jersey Sports and Exposition Authority (NJSEA) and Department of Treasury.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual General Fund Appropriation</u>
State Cost	\$3.15 million to \$3.8 million
Local Authority Revenue	\$3.15 million to \$3.8 million

- The bill would annually appropriates from the General Fund, an amount equal to the entire amount collected in the three Wildwoods municipalities from a two percent sales tax surcharge on tourism expenses (tourism tax) in the previous fiscal year. The annual amount collected from this fund has been between \$3.5 million and \$4.2 million.
- In calendar year 2016, the authority received approximately \$424,000 from the tourism tax, or 10 percent of the total collections. The remaining 90 percent, or \$3.8 million, was provided to the New Jersey Sports and Exposition Authority (NJSEA) to pay for the costs of operating the Wildwoods Convention Center.

The net amount of State revenue directed to the authority is the total appropriation, less the 10 percent of tourism tax collections that are already being appropriated to the authority, or approximately \$3.15 million to \$3.8 million based on collections in recent years. It is unclear whether this will impact the appropriation to the NJSEA to operate the Wildwoods Convention Center.

## **BILL DESCRIPTION**

This bill requires an appropriation from the General Fund to the Greater Wildwoods Tourism Improvement and Development Authority (authority). The appropriation is to be for the amount currently collected in the three Wildwoods municipalities as a local sales tax surcharge on tourism expenses, and an additional amount from the General Fund equal to the amount collected in the three Wildwoods municipalities as a local sales tax surcharge on tourism expenses in the previous year.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services estimates that the authority will receive an additional \$3.15 million to \$3.8 million per year under this bill. This is the amount of revenue collected under the tourism tax in recent years, less the 10 percent of revenue under the tax that is currently being appropriated to the authority.

The authority currently receives 10 percent of the revenues generated by the tourism tax with the remaining 90 percent being appropriated to the NJSEA for the purposes of operating the Wildwoods Convention Center. This distribution is consistent with section 14 of P.L.1992, c.165 (C.40:54D-14), which determines the distribution of tourism tax funds, that is further specified at the 90/10 split by an omnibus agreement in place between the authority, the NJSEA, and the three municipalities in the Wildwoods. Total collections from the tourism tax in recent years have ranged between \$3.5 million and \$4.2 million, establishing the range of potential revenues used in this estimate.

This bill will increase the amount of revenue received by the authority from funds based on the tourism tax or tourism tax calculations from between \$350,000-\$420,000, to an amount equal to \$3.5 million-\$4.2 million. The bill provides for that entire increase to come in the form of an appropriation from the General Fund. It is not clear whether this bill will impact the amount of appropriations received by the NJSEA for the operation of the Wildwoods Convention Center.

*Section: Authorities, Utilities, Transportation and Communications*

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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).