Scott Danigole February 02, 2011 471-0055

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

	ESTIMATE OF FIS	SCAL IMPACT - STAT	E AGENCIES *	
	FY 201	1-12	FY 20	12-13
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$340,000)		(\$943,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$340,000)		(\$943,000)

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

LB 165 is the Nebraska Municipal Telecommunications Service Occupation Tax Act.

Section 2 provides Legislative findings.

Section 3 defines terms.

Sections 4 and 5 provide for the application of occupation tax imposition on receipts from the sale of telecommunications service as well as a decreasing cap of such rates beginning on January 1, 2012 at six percent and ending at one percent beginning January 1, 2017 and ending December 1, 2017.

Because Sales Tax is computed after adjusting for Occupation Tax collection, it is anticipated that there will be a Sales Tax revenue decrease due to the bill's provisions; these are the figures reported in the table above. The Department of Revenue estimates the total annual revenue loss once the bill is fully implemented in 2017-18 to be approximately \$2.4 million per year. There is no basis to disagree with the Department of Revenue's estimates.

It should be noted that this fiscal note does not capture the bill's impact on municipal Occupation Tax revenue. Since Occupation Tax is collected at the municipal level and the rate of application for telecommunications service is being phased out in LB 165, there will be negative impact on the revenue stream for any municipality currently collecting such tax. The amount will vary from one jurisdiction to another. A request for fiscal impact from certain municipalities has not been received as of the writing of this fiscal note.

DEPARTMENT OF ADMINISTRATIVE SERVICES

	REVIEWED BY	Lyn Heaton	DATE 2/3/11	PHONE 471-2526
COLUMENTO				

COMMENTS

ADMINISTRATIVE SERVICES - OFFICE OF THE CIO: Concur, no fiscal impact to the Office of the CIO.

PUBLIC SERVICE COMMISSION: Concur. No fiscal impact to the Public Service Commission.

DEPARTMENT OF REVENUE: The impact is difficult to estimate as no records are available to the Revenue Department relative to the frequency of each of the different forms of the transactions.

SECRETARY OF STATE: Concur. No fiscal impact on the Secretary of State's office.

2011 Legislative Bill Proposal Fiscal Note

JAN 21 2011

LEGISLATIVE FISCAL

Bill #: 165

State Agency: Administrative Services - Office of the CIO

Prepared by: Steve Schafer Date Prepared:

Approved by:

Date Prepared: 1/11/2011 Phone: 402-471-4385

Estimate of Fiscal Impact – State Agencies

	FY 2011-12		FY 201	2-13
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

LB 165 would phase out the authority of municipalities to levy an occupation tax on telecommunications services. The maximum tax rate would be reduced by one percentage point each year until completely eliminated by December 31, 2017.

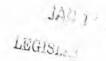
This change would have no fiscal impact on the Office of the CIO, because state government is currently exempt from locally imposed taxes.

Major Objects of Expenditure

Personal Services:

	Numbe	r of Positions	2011-12	2012-13	
Position Title:	11-12	12-13	Expenditures	Expenditures	
Benefits					
Operating					
Travel	·				
Capital Outlay					
Aid					
Capital Improvements					
TOTAL					

FISCAL NOTE LB165 Public Service Commission



Prepared By	Burvainis, John
Date Prepared	1/14/2011
Prepared Phone	402-471-0240

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012	2-2013
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

No fiscal impact.

Major Objects of Expenditure

	Number	of Positions	FY 2011-2012	FY 2012-2013
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
		Benefits		
		Operating		
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total		

LB 165

Fiscal Note 2011

		State Agency	Estimate	A Date.		
State Agency Name: Department	of Revenue				Date Due LFA:	1/19/2011
Approved by: Douglas Ewald	-	Date Prepared:	1/31/2011		Phone: 471-5700	
	FY 2011	1-2012	FY 2012	2-2013	FY 20	13-2014
	Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue
General Funds	1	(\$340,000)		(\$943,000)		(\$1,237,000)
Cash Funds						
Federal Funds						
Other Funds Total Funds		(\$340,000)		(\$943,000)		(\$1,237,000)

LB 165 caps municipal occupation tax rates on telecommunications receipts at 6% in 2012, and reduces the rate by one percentage point annually until 2018, at which time a municipality may no longer levy taxes on telecommunication services receipts. The bill also invalidates the municipal occupation tax on telecommunications equipment.

A moratorium would be imposed on municipalities from imposing any new taxes on telecommunications unless approved by the citizens of the municipality in an election. Also, the bill prevents cities from levying the telecommunications tax on services not related to a telecommunications service, such as interest payments or directory publishing. The bill also specifies that the telecommunications tax shall exclude any other taxes and/or fees in its calculation.

LB 165 would have a General Fund revenue impact due to reduced sales tax collections from telecommunications companies as reflected below:

FY 2011-12: (\$340,000) FY 2012-13: (\$943,000) FY 2013-14: (\$1,237,000) FY 2014-15: (\$1,532,000)

In FY 2017-18 when the bill is fully implemented, the annual revenue impact is expected to be \$2,400,000.

Departmental cost to implement the bill is minimal.

Major Objects of Expenditure							
Class Code	Classification Title	11-12 <u>FTE</u>	12-13 <u>FTE</u>	13-14 <u>FTE</u>	11-12 Expenditures	12-13 Expenditures	13-14 Expenditures
Benefits							
Travel							
Capital Improvements							
Total							

JAN 2 1 2011

FISCAL NOTE LB165 Secretary of State

LEGISLATIVE FISCAL

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Prepared By	Hinzman, Suzanne
Date Prepared	1/21/2011
Prepared Phone	402-471-2384

Estimate Provided By State Agency or Political Subdivision

	FY 2011-	FY 2011-2012		2-2013
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds	0	0	0	0

Explanation of Estimate:

This bill has no fiscal impact for the Secretary of State.

Major Objects of Expenditure

	Number	Number of Positions		FY 2012-2013
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
			. "1	
		Benefits		
		Operating		
		Travel	···	
		Capital outlay		
		Aid		
		Capital improvements		
		Total		