

7/1/11

PREPARED BY: Scott Danigole
DATE PREPARED: February 02, 2011
PHONE: 471-0055

LB 165

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	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
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: 1/11/2011

Phone: 402-471-4385

Approved by:

Estimate of Fiscal Impact – State Agencies

	FY 2011-12		FY 2012-13	
	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:

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

