Doug Gibbs February 11, 2011 471-0051

LB 209

Revision: 00

FISCAL NO

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *							
	FY 201	11-12	FY 2012-13				
<u>-</u>	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$1,683,000)		(\$133,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$1,683,000)	×	(\$133,000)			

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

LB 209 amends Nebraska Revised Statute Section 77-27,144 regarding the collection of the local option sales tax and refunds deducted from the same.

The bill would impose a one year delay on the deduction of local option sales tax refunds made pursuant to the Employment and Investment Growth Act (LB 775) from sales taxes remitted to first and second class cities and villages. The Department is required to notify the municipality of the pending deduction, the amount of the deduction, and the month in which the deduction will be made.

The Department of Revenue indicated the fiscal impact to the General Fund as follows:

FY2011-12:

(\$1,683,000)

FY2012-13:

(\$ 133,000)

FY2013-14:

\$

FY2014-15:

476,000 \$ 600,000

The Department indicates there will be minimal costs to implement LB 209.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY PHONE 471-2526 DATE 2/15/11 Lyn Heaton

COMMENTS

DEPARTMENT OF REVENUE: No basis upon which to disagree.

FEB - 4 2011

LB 209

LEGISLATIVE FISCAL

Fiscal Note

2011

		State Agency	Estimate			
State Agency Name: Department of	of Revenue				Date Due LFA:	1/18/2011
Approved by: Douglas Ewald		Date Prepared:	1/12/11		Phone: 471-5700	
	FY 2011-2012		FY 2012-2013		FY 2013-2014	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		(\$1,683,000)		(\$133,000)		\$476,000
Cash Funds						
Federal Funds						
Other Funds						1
Total Funds		(\$1,683,000)		(\$133,000)		\$476,000

LB 209 amends §77-27,144 to delay by one year the deduction of sales tax refunds made under § 77-4105 of the Employment and Investment Growth Act (LB 775) from sales taxes remitted to first and second class cities, and villages. The refunds would still be paid to the taxpayer in the usual time frame. The Department is required to notify the city or village of the pending deduction from sales taxes, including the amount and month the deduction will be made.

The General Fund impact due to LB 209 depends upon two factors. First, the Department will make direct sales tax refunds of the city or village tax to the taxpayer when the refund claim is approved, and the Department will not deduct these refunds from the cities' or village's sales tax remittances for one year. This will result in an increase of the total amount of refunds from the General Fund. When these refunds are deducted from city or village sales taxes 12 months later, these deductions will offset the next year's refunds. Secondly, the amount of direct sales tax refunds from LB 775 projects will decline as the last of the LB 775 projects are completed. This means that in later years, refunds held by the Department will be smaller than the refunds deducted from the cities' current sales tax remittances, and the impact on the General Fund will be positive.

The General Fund impact is estimated to be (\$1.683) million, (\$0.133) million, \$0.476 million, and \$0.600 million in FY 2011-12 through FY 2014-15, respectively.

It is estimated that there would be minimal costs to the Department to implement this bill.

	Majo	or Objects of I	Expendit	ure			
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							
					p		
Fravel							
Capital Outlay	***************************************						
					-	No series	
Total							