

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$117,000)		(\$117,000)	
CASH FUNDS		See below		See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$117,000)		(\$117,000)	

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

LB 727 is the Department of Revenue's annual bill and makes a number of changes to numerous sections of statute. The bill contains the emergency clause.

The bill eliminates the certified or registered mailing requirement in a number of statutes and by amending Section 77-27,135 to include first-class mail gives the Department that mailing option.

The Department of Revenue estimates that eliminating this requirement will save the Department approximately \$117,000 in General Funds each year.

There is no basis to disagree with the Department's estimate of savings.

The bill outright repeals Section 66-737 which thereby eliminates the Cash Bond Fund Committee. This Committee was originally set up to oversee the operation of the motor fuel trust fund set up in Section 66-733. The trust fund consists of the cash bonds furnished by all motor fuel producers, suppliers, distributors, importers and retailers to secure payment of all fuel taxes.

Elimination of the Cash Bond Fund Committee has no fiscal impact.

The bill reduces certain motor fuel tax commissions by disallowing any commissions for taxes collected as a result of a final assessment occurring pursuant to a notice of deficiency determination.

The Department estimates that reducing these commissions will increase the Highway Trust Fund by \$10,000 per year.

There is no basis to disagree with the Department's estimate.

LB 727 changes the due date for motor fuel tax returns from the 25th of the month to the 20th of the month. This will harmonize the motor fuels tax returns with other tax programs.

The Department estimates, using LB 210 (2011) as a guide, that this change will result in increased interest earned for the Highway Trust Fund of approximately \$96,000 for FY12-13 and \$151,000 each fiscal year thereafter.

While we do not disagree with the Department's estimate of revenue, it should be noted that obtaining a precise figure of interest gained is difficult due to the variables involved; a daily analysis of revenue and interest, done over the period of a year, would probably be necessary to provide a relatively exact figure and even then would be dependent on changing interest rates over the period examined, market fluctuations, and actual revenue collected. Also using LB 210 (2011) as a guide, the Department's estimate of \$96,000 in additional interest may be a conservative estimate.

The bill amends Section 66-489.02 to change the data base used by the Department to calculate the average wholesale price of gasoline. With the change proposed by LB 727, the Department will now use data provided by the State Energy Office instead of data provided by the U.S. Department of Energy's Energy Information Administration.

The Department estimates this change will increase revenue to the Department of Roads Cash Fund by \$154,000 per year. In actuality, the variable fuel tax will decrease to offset any increase in the wholesale tax, for a net revenue impact of zero for the Department of Roads. The Department of Revenue's estimate of increased revenue also assumes that the one cent cap on the change in the wholesale tax from one six-month period to another does not come in to play.

It should be noted that the U.S. Department of Energy's Energy Information Administration will no longer provide this information.

LB 727 amends Section 77-3,116 to change the due date for the Tax Burden Study and provide that the study be updated every two years instead of every four years and that the next update will be due December 1, 2013.

The Department indicates no fiscal impact as a result of this change.

There is no basis to disagree with the Department's estimate.

The bill amends Section 77-2704.10 to clarify language regarding the sales and use tax exemption for prepared food and food ingredients served by schools, school districts, student organizations, or parent-teacher associations, and institutions of higher education.

The Department estimates this clarification will have minimal revenue impact on the General Fund.

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

Overall, the Department of Revenue estimates no cost to implement the provisions of LB 727.

We agree with the Department's estimate of cost to implement LB 727.

Included below is the Department's estimate of the effect in changing the data bases for the wholesale gasoline price calculation.

Wholesale Tax Source Comparison
Nebraska Energy Office (NEO) v U.S. Energy Information Administration (DOE)

Effective Date:	Projected Wholesale Tax NEO Data:	Actual Wholesale Tax DOE Data:	Difference	Net Impact to Dept. of Roads:	Net Impact to Cities & Counties:	Total Projected Impact:
7/1/2009	9.8	9.7	0.1	\$96,000	\$204,000	\$300,000
1/1/2010	8.8	8.7	0.1	\$96,000	\$204,000	\$300,000
7/1/2010	9.8	9.7	0.1	\$96,000	\$204,000	\$300,000
1/1/2011	10.8	10.7	0.1	\$96,000	\$204,000	\$300,000
7/1/2011	11.3	11.3	0.0	\$ 0	\$ 0	\$ 0
Total:				\$384,000	\$816,000	\$1,200,000
Fiscal Year Average:				\$153,600	\$326,400	\$480,000

The 7/1/2011 data reflects the last available data from DOE.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	1/17/12	PHONE	471-2526
COMMENTS					
DEPARTMENT OF REVENUE: No basis upon which to disagree.					

Wholesale Tax Source Comparison
 Nebraska Energy Office (NEO) v US Energy Information Administration (DOE)

Effective Date	Projected Wholesale Tax NEO Data	Actual Wholesale Tax DOE Data	Difference	Net Impact to Dept of Roads	Net Impact to Cities & Counties	Total Projected Impact
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7/1/2010	9.8	9.7	0.1	\$96,000	\$204,000	\$300,000
1/1/2011	10.8	10.7	0.1	\$96,000	\$204,000	\$300,000
7/1/2011 ¹	11.3	11.3	0.0	\$0	\$0	\$0
Total				\$384,000	\$816,000	\$1,200,000
Fiscal Year average				\$153,600	\$326,400	\$480,000

¹ This reflects the last available data from DOE.