

Revised due to adoption of amendments on Select File.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS		\$45,723		\$53,583
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$45,723		\$53,583

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 851, as amended by AM2510, AM2561, AM2621, and AM2611, amends a number of sections of Nebraska Revised Statutes dealing with revenue and taxation.

Sections 60-366 and 60-367 are amended to provide that the Department of Revenue or the Department of Motor Vehicles may make a determination that a business entity organized under the laws of another state or country that owns or holds the title to a recreational vehicle is a shell company used to avoid proper registration of the vehicle in Nebraska. The new language includes factors that either department may consider in making such a determination; that the determination is a rebuttable presumption; provides that if such a determination is made the purchase of the vehicle is subject to Nebraska sales or use tax; provides for an appeal process; and specifies a penalty.

Section 66-482 is amended to remove a reference to the Ethanol Production Incentive Credit Program in the definition of ethanol facility.

Section 77-1030 is amended to require a municipality to notify the Department of Revenue on or before January 1 immediately following the certification of an application for a project under the Nebraska Advantage Transformational Tourism and Redevelopment Act. For projects certified prior to the operative date of LB 851 the certifying municipality is to notify the Department by January 1, 2015.

The bill amends Section 77-2709 to allow the Department of Revenue to issue a deficiency for sales tax within six years (current period is five years) following the period for which the amount is proposed to be determined if the return is not filed, is fraudulent, or the tax is underreported by more than 25% on the return.

Section 77-2793 is changed to provide that any claim for a refundable credit shall be filed by the taxpayer within three years after the due date of the return for the year in which the refundable credit was allowed.

Amends Section 77-27,119 to allow the Department of Revenue to share information with the Department of Insurance regarding the authorization or use of tax credits under the New Markets Job Growth Investment Act.

LB 851, as amended by AM2510 (a portion of LB 761), amends Section 77-367 to require the Department of Revenue to contract for products and services to identify nonfilers of tax returns with a tax liability in any amount, or underreporters or nonpayers of taxes with an outstanding tax liability of at least \$5,000. The Department is to enter into at least one such contract by December 31, 2014.

NOTE: LB 642 (2011) gave the Department of Revenue authority to enter into these types of contracts, although they were not required to do so. At that time we noted that these types of contracts have yielded revenue in other states and, if such a contract were in place in Nebraska, we could reasonably expect additional collections and an increase to the General Fund and the Revenue Enforcement Cash Fund as a result. However, there would also be an additional expenditure for Department of Revenue personnel to conduct the necessary audits and collections.

While it is difficult to estimate just how much additional revenue will be collected, the Department of Revenue in its fiscal note for LB 642 did indicate a potential of approximately \$6.2 million in additional revenue per fiscal year; vendor compensation and Department expenditures would be paid from this amount. Given the above and previous research on LB 642, we believe the annual increase to the General Fund as a result of LB 851 at approximately \$3.0 to \$5.0 million.

AM2510 becomes operative three calendar months after the adjournment of this legislative session.

As amended by AM2561 (LB 681), the bill amends Section 19-5217 to change the time period in which a land bank may apply to the county treasurer for a tax deed or foreclose on the tax lien for the property for which the land bank has acquired a tax sale certificate. Up to January 1, 2015 the time period for the above is six months after the expiration of three years from the date of the tax sale; after January 1, 2015 the time period is changed to nine months.

Section 77-1807 is amended by AM2561 to change the method of conducting delinquent tax sales. The bill provides that if a land bank gives an automatically accepted bid, the land bank is the purchaser and no auction shall be held. If no such bid is given the bill details how the sale will be conducted.

AM2561 becomes operative three calendar months after the adjournment of this legislative session.

LB 851, as amended by AM2611 (a portion of LB 979), amends Section 77-1837.01 to provide that tax sale certificates sold and issued between January 1, 2010 and December 31, 2014, shall be governed by the laws and statutes in effect on December 31, 2009 with regard to tax deed proceedings, noticing and application, and foreclosure proceedings.

AM2611 becomes operative three calendar months after the adjournment of this legislative session.

The bill, as amended by AM2621, amends Sections 52-603 and 52-604 regarding a lien or security interest on goods.

AM2621 becomes operative three calendar months after the adjournment of this legislative session.

LB 851 contains the emergency clause.

FISCAL IMPACT:

The Department of Revenue estimates the following impact to the Highway Trust Fund (Cash):

FY2014-15:	\$45,470
FY2015-16:	\$53,330
FY2016-17:	\$61,570

We agree with the Department of Revenue's estimate of fiscal impact.

The Department of Motor Vehicles estimates the following impact to the Highway Trust Fund (Cash):

FY2014-15:	\$20
FY2015-16:	\$20

We disagree with the Department of Motor Vehicles estimate and believe their estimate is incorrectly allocated. We estimate the impact to the Highway Trust Fund as follows:

FY2014-15:	\$253
FY2015-16:	\$253

Cost to implement the provisions of LB 851 should be minimal.

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates the following impact to the Highway Allocation Fund:

FY2014-15:	\$48,430
FY2015-16:	\$56,670
FY2016-17:	\$65,430

We agree with the Department of Revenue's estimate of fiscal impact.

The Department of Motor Vehicles estimates the following fiscal impact to local political subdivisions as a result of LB 851:

FY2014-15:	\$4,911
FY2015-16:	\$4,911

We disagree with the Department of Motor Vehicles estimate and believe their estimate to be incorrectly allocated. We estimate the impact as follows:

FY2014-15:	\$4,678
FY2015-16:	\$4,478

We estimate total fiscal impact to the state and local political subdivisions is as follows:

FY2014-15:	\$ 98,931
FY2015-16:	\$114,931
FY2016-17:	\$131,931