

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$71,722	(\$35,267,000)	\$453,988	(\$110,600,000)
CASH FUNDS		\$135,623,000		\$321,514,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$71,722	\$100,356,000	\$453,988	\$210,914,000

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

LB 312 amends the Nebraska Revenue Act of 1967 regarding sales and use taxes and tax credits.

Section 77-2701.16 is amended to impose sales and use tax on the following services:

- Repair or maintenance of motor vehicles;
- Pet related services which would now include veterinary services, specialty services performed on livestock, animal grooming performed by a licensed veterinarian or a licensed veterinary technician in conjunction with medical treatment;
- Cleaning of tangible personal property;
- Storage and moving services;
- Investment advice;
- Personal care services, including hair care, massage, nail services, spa services, and tattoo services;
- Maintenance, painting, repair, and interior decoration services for single-family housing;
- Limousine, taxi, and other transportation services;
- Services of travel agents and tour operators;
- Lawn care, gardening, and landscaping services;
- Parking lot services;
- Swimming pool cleaning and maintenance services;
- Dating and escort services;
- Instruction in music, dance, golf, and other recreational activities;
- Custom meat slaughtering services;
- Legal services; excluding legal services performed in the furtherance of a for-profit business enterprise;
- Accounting services, excluding accounting services performed in the furtherance of a for-profit business enterprise;
- Real estate services relating to the sale of single-family housing;
- Architectural services for single-family housing;
- Telefloral delivery services;
- Labor of a contractor for any major addition, remodeling, restoration, repair, or renovation of owner-occupied residential housing.

Section 77-2701.35 is amended to remove from the exclusion of “sales price” and therefore impose the sales tax on the trade-in value of motor vehicles, motorboats, all-terrain vehicles, and utility-type vehicles.

Section 77-2703 is amended regarding the trade-in value of motor vehicles, semitrailers, and trailers; motorboats, all-terrain vehicles, and utility-type vehicles.

Section 77-2704.10 is amended to remove the sales tax exemption for the following:

- School lunches;
- Fees and admissions for political events;
- Fees and admissions to school events;
- Fees and admissions charged participants in any activity provided by a nonprofit organization which conducts statewide sports events with multiple sports for both adults and youth;
- Fees and admissions charged participants in any activity provided by a nonprofit organization affiliated with a national organization primarily dedicated to youth development and healthy living offering sports instruction and sports leagues or sports events.

Section 77-2704-24 is amended to remove the sales tax exemption for soft drinks, candy, and bottled water.

Section 77-2715.07 is amended regarding the earned income tax credit, to increase the credit to 17% of the federal credit for tax years beginning on or after January 1, 2018.

Section 77-27,132 is amended to add new language that provides that the amount of net tax increase as a result of the provisions of LB 312 shall be credited to the Excess Revenue Property Tax Credit Fund. This amount to be determined annually by the Tax Commissioner.

New language in the bill creates the Excess Revenue Property Tax Credit Fund. The Fund is to be used to provide a property tax credit to owners of real property.

The amount to be disbursed to each county is equal to the amount in the Fund multiplied by the ratio of the real property valuation in each county to the real property valuation in the state. To determine the amount of the credit, the county treasurer is to multiply the amount disbursed to the county by the ratio of the real property valuation of the parcel to the total real property valuation in the county.

If a property owner qualifies for the homestead exemption, they shall also be qualified for the property tax credit to the extent of any remaining liability after receiving the homestead exemption tax relief. Any unused amounts are to be returned to the State Treasurer and credited to the Excess Revenue Property Tax Credit Fund.

The following sections are outright repealed, which removes the sales tax exemption for those items:

- 77-2704.07 Newspapers;
- 77-2704.14 Coin-operated laundering and cleaning machines;
- 77-2704.38 State Lottery tickets;***
- 77-2704.52 Prepaid calling service or prepaid wireless calling service;
- 77-2704.55 Certain contract labor;
- 77-2704.56 Purchase of fine art by a museum;
- 77-2704.65 Purchases by a historic automobile museum;
- 77-2704.67 Membership or admissions to or purchases by a zoo or aquarium.

*****Technical Note:** Removing the sales tax exemption for state lottery ticket purchases could raise constitutional issues regarding the distribution of proceeds to beneficiaries and violate provisions of the Multi-state lottery compact. In addition, the Department of Revenue indicates that repeal of the statutory exemption for lottery tickets would not necessarily impose a sales tax on lottery tickets, which represent intangible rights and do not constitute tangible personal property or taxable services. Lottery tickets were not included in the Department's calculation of fiscal impact.

The bill has an operative date of January 1, 2018.

The Department of Revenue estimates the following fiscal impact of LB 312:

Fiscal Year:	Excess Revenue Property Tax Credit Fund:	Highway Cash Fund:	Highway Allocation Fund: (Local)	Game and Parks Commission Capital Maintenance Fund:	General Fund:
2017-18:	\$ 118,761,000	\$ 16,258,000	\$ 18,405,000	\$ 604,000	(\$ 35,267,000)
2018-19:	\$ 279,588,000	\$ 40,439,000	\$ 45,397,000	\$ 1,487,000	(\$ 110,600,000)
2019-20:	\$ 297,191,000	\$ 41,834,000	\$ 46,603,000	\$ 381,000	(\$ 111,922,000)
2020-21:	\$ 315,306,000	\$ 43,285,000	\$ 47,844,000	\$ 0	(\$ 114,522,000)

LB 312 required any increase in sales tax revenue to be applied to the Excess Revenue Property Tax Credit Fund. Current law requires all sales tax on motor vehicles, All-terrain vehicles, Utility-type vehicles, and motorboats to be applied to the Highway Allocation Fund, the Highway Cash Fund, and the Game and Parks Commission Capital Maintenance Fund. The repeal of the trade-in exclusion for motor vehicles, motorboats, ATVs and UTVs will increase the amounts deposited in those cash funds. The estimate increased sales tax revenues associated with these sales for FY2018-19, for example, of \$87,300,000 will also be applied to the Excess Revenue Property Tax Credit Cash Fund resulting in an \$87,300,000 loss to the General Fund. The negative impact to the General Fund also includes the increase in the Earned Income Tax Credit.

The Department of Revenue estimates that they will require 1.0 FTE Revenue Tax Specialist to make changes to tax forms, instructions, information guides, regulations, website information, and other areas and continued administration in subsequent years. Additionally, 8.0 FTE Auditors necessary to provide the same audit coverage and 3.0 FTE Attorneys III. PSL for FY2017-18 would be \$50,167 and \$318,788 for FY2018-19.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

The Coordinating Commission for Postsecondary Education estimates a loss of Cash Fund revenue of \$1,500,000 in FY2017-18 and \$3,000,000 in FY2018-19, if the sales tax exemption for lottery tickets is removed. (Please see technical note above)

IMPACT TO POLITICAL SUBDIVISIONS: The fiscal impact to the Highway Allocation Fund is as follows:

FY2017-18:	\$ 18,405,000
FY2018-19:	\$ 45,397,000
FY2019-20:	\$ 46,603,000
FY2020-21:	\$ 47,844,000

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 312	AM:	AGENCY/POLT. SUB: NE Environmental Trust	
REVIEWED BY: Lyn Heaton	DATE: 2/21/2017	PHONE: (402) 471-4181	
<p>COMMENTS: Assuming that the sales tax can be applied to lottery ticket sales in a way as is assumed by the Environmental Trust in their fiscal note, the requirement in 9-812 (2) that no less than 22% of the dollar amount of annual lottery sales must be distributed to the various "beneficiary funds", including the Nebraska Environmental Trust Cash Fund, may limit the reduction in revenue to an amount that is less than estimated in the Trust's fiscal note and, consequently, have a smaller negative impact on the amount of grants that can be awarded.</p>			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 312	AM:	AGENCY/POLT. SUB: Coord. Comm. for Postsecondary Education	
REVIEWED BY: Lyn Heaton	DATE: 2/21/2017	PHONE: (402) 471-4181	
<p>COMMENTS: Assuming that the sales tax can be applied to lottery ticket sales in a way as is assumed by the Commission in their fiscal note, the requirement in 9-812 (2) that no less than 22% of the dollar amount of annual lottery sales must be distributed to the various "beneficiary funds", including the Nebraska Opportunity Grant Fund and the Community College Gap Assistance Program Fund, may limit the reduction in revenue to an amount that is less than estimated in the Commission's fiscal note and, consequently, have a smaller negative impact on the amount of financial aid that can be awarded.</p>			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 2/17/2017				
Approved by: Tony Fulton		Date Prepared: 2/16/2017				
Phone: 471-5896						
	FY 2017-2018		FY 2018-2019		FY 2019-2020	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$71,722	(\$35,267,000)	\$453,988	(\$110,600,000)	\$674,758	(\$111,922,000)
Cash Funds		\$135,623,000		\$321,514,000		\$339,406,000
Federal Funds						
Other Funds		\$18,405,000		\$45,397,000		\$46,603,000
Total Funds	\$71,722	\$118,761,000	\$453,988	\$256,311,000	\$674,758	\$274,087,000

LB 312 would expand the sales tax base by repealing several exemptions and extending the tax to include many services. The revenue generated would be deposited in a new fund called the Excess Revenue Property Tax Credit Fund and distributed as property tax credits in the same way the current property tax credit is distributed. The bill would also amend Neb. Rev. Stat. § 77-2715.07 to increase the refundable earned income tax credit from 10 percent of the federal credit amount to 17 percent beginning with taxable year 2018.

The repealed sales tax exemptions are: Trade-in exclusions from sales price for motor vehicles, motorboats, ATVs, and UTVs; Prepared food and food ingredients served by schools, student organizations, PTOs, etc. in primary, secondary, or higher educational institutions; Fees and admissions to school events; Fees and admissions to multi-sport events for youth and adults; Fees and admissions for youth sports; Soft drinks, candy, and bottled water currently within the definition of exempt food and food ingredients; Newspapers; Coin-operated laundries; Prepaid calling or prepaid wireless services; Lottery tickets; Museums and historic automobile museums; and Purchases by and admissions to zoos and aquariums.

The new services to be subject to sales taxes are: Veterinary services; Cleaning tangible personal property; Storage and moving services; Investment advice: Personal care, including hair care, massage, nail services, spa services, and tattoo services; Painting, repair, and interior decorating of single-family houses; Limousine, taxi, and other transportation services; Travel agent services and tour operators; Lawn care, gardening, and landscaping services; Automobile parking; Swimming pool cleaning and maintenance; Dating and escort services; Personal instruction; Custom meat slaughtering; Legal and accounting services, except for for-profit businesses; Real estate services and architectural services relating to single-family housing; Telefloral delivery services; and Construction labor for major additions, remodeling, restoration repair or renovation of owner-occupied residential housing.

Overall, LB 312 would have the following impact on the General Fund and Cash Fund Revenues.

Fiscal Year	Excess Revenue Property Tax Credit Fund	Highway Cash Fund	Highway Allocation Fund	Game and Parks Commission Capital Maintenance Fund	General Fund
FY17-18	\$118,761,000	\$16,258,000	\$18,405,000	\$604,000	(\$35,267,000)
FY18-19	\$279,588,000	\$40,439,000	\$45,397,000	\$1,487,000	(\$110,600,000)
FY19-20	\$297,191,000	\$41,834,000	\$46,603,000	\$381,000	(\$111,922,000)
FY20-21	\$315,306,000	\$43,285,000	\$47,844,000	\$0	(\$114,522,000)

Repeal of the statutory exemption for lottery tickets would not necessarily impose a sales tax on lottery tickets, which represent intangible rights and do not constitute tangible personal property or taxable services. For this reason, lottery tickets are not included in the above calculations.

LB 312 requires any increase in sales tax revenues to be applied to the Excess Revenue Property Tax Credit Fund. Current law requires all sales tax on motor vehicles, ATVs, UTVs and Motor Boats to be applied to the Highway Allocation Fund, the Highway Cash Fund, and the Game and Parks Commission Capital Maintenance Fund. The repeal of the trade-in exclusion for motor vehicles, motorboats, ATVs and UTVs will increase the amounts deposited in those cash funds. The estimated increased sales tax revenues associated with these sales for FY 2018-19, for example, of \$87,300,000 will also be applied to the Excess Revenue Property Tax Credit Fund resulting in an \$87,300,000 loss to the General Fund. The negative impact to the General Fund also includes the increase in the Earned Income Tax Credit.

The bill will require the addition of one full time Revenue Tax Specialist to make changes to tax forms, instructions, information guides, regulations, website information and other areas and to continue the effective administration of these changes in the years following. Additionally, eight full time Auditors would be needed in order to keep the same audit coverage as well as 1.5 Attorneys III.

The bill would be operative January 1, 2018.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>17-18 FTE</u>	<u>18-19 FTE</u>	<u>19-20 FTE</u>	<u>17-18 Expenditures</u>	<u>18-19 Expenditures</u>	<u>19-20 Expenditures</u>
A29621	Revenue Tax Specialists	1.0	1.0	1.0	\$50,167	\$50,794	\$51,556
A21212	Auditor	0	4.0	8.0	\$0	\$166,234	\$337,456
G31113	Attorney III	0	1.5	1.5	\$0	\$101,760	\$103,287
Benefits.....					\$16,555	\$105,200	\$162,459
Operating Costs.....							
Travel.....							
Capital Outlay.....					\$5000	\$30,000	\$20,000
Aid.....							
Capital Improvements.....							
Total.....					\$71,722	\$453,988	\$674,758

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2017

LB⁽¹⁾ 312

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 2/2/17 Phone: ⁽⁵⁾ 402-471-0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	<u>-\$1,500,000</u>	_____	<u>-\$3,000,000</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>-\$1,500,000</u>	<u>0</u>	<u>-\$3,000,000</u>

Explanation of Estimate:

LB 312 Sec. 12 repeals Neb. Rev. Stat. §77-2704.38 which provides a state sales tax exemption for lottery ticket sales. Currently, on-line, multi-state games require tickets to be sold at face value, which would require the sales tax amount to be deducted from the price of the ticket. Based on the implementation of LB 312, non-multi-state lottery tickets could either be treated in the same manner as the multi-state games with the cost kept at an even dollar amount, or state sales tax could be collected on the face value of the ticket, with a \$1 ticket costing \$1.06. Our estimates do not take into account the effect of an odd dollar amount on sales. To arrive at our estimated revenue loss, it was assumed ticket prices for all lottery tickets would remain in even dollar increments and any sales tax collections would be deducted from the value of the ticket.

The Commission administers the Nebraska Opportunity Grant (NOG) program which provides scholarships to students from low-income families to attend college. A combination of General funds and lottery proceeds fund the NOG program. During the 2015-16 fiscal year, the Nebraska Opportunity Grant received \$10.5 million in lottery proceeds and provided an average scholarship of \$1,225 to 13,740 recipients. It is estimated NOG funding from the lottery would decrease \$2.6 million and would result in 2,130 fewer students receiving a NOG scholarship. With an operative date of January 1, 2018, FY2017-18 revenue was reduced by half of the FY2018-19 estimate.

The Commission also administers the Community College Gap Assistance Program that provides funding to community colleges to offer financial aid to low-income community college students taking non-credit courses that could lead to jobs in high-need fields. Because these students are taking non-credit courses, they are not eligible for Pell grants or other financial aid. During the 2015-16 fiscal year, the Gap Assistance Program received \$1.5 million in lottery proceeds. It is estimated Gap Assistance Program funding from the lottery would decrease \$400,000. With an operative date of January 1, 2018, FY2017-18 revenue was reduced by half of the FY2018-19 estimate.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2017

LB⁽¹⁾ 312

FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Environmental Trust c/o NGPC

Prepared by: (3) Patrick H. Cole Date Prepared: (4) 2/9/17 Phone: (5) (402) 471-5523
Mark Brohman

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	*	_____	*
CASH FUNDS	_____	(4,400,000)	_____	(4,400,000)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 312 would propose, in part, to remove the sales tax exemption on lottery ticket sales and remove the deduction of trade in value for motor vehicle, motorboat, ATV and UTV taxable sales prices. Proceeds from lottery sales are distributed in part to four beneficiary programs (Gamblers Assistance Fund, Nebraska Education Fund, Nebraska Environmental Trust Fund and the Nebraska State Fair) in addition to covering its operating expenses and prizes. Since the Nebraska Environmental Trust is administratively placed under the Nebraska Game and Parks Commission, only the impact associated with the Trust will be addressed here, however, similar proportional impacts would be expected to the other beneficiaries.

The Nebraska Department of Revenues 2016 Nebraska Tax Expenditure Report estimated the 'lost sales taxes' from the exemption status at \$9.9 million dollars. Officials from the Commission on Problem Gambling, using FY16 sales and expense figures estimate that the taxes could be between \$9.9 million (at 5.5% state rate only) to \$12.6 million at average 7% rate (state and local) (details on next pages). For purposes of this analysis the \$9.9 figure will be used.

There are 44 state lotteries in the US, none of which adds sales tax to the sales of lottery tickets. It is presumed that should this bill pass, the sales tax would be deducted from the beneficiaries share of the proceeds, and not be additive to the sales themselves.

Continued on next page(s)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====

The distribution formula for the beneficiaries' portion (after prizes paid, operating expenses covered and an initial \$500,000 to the Compulsive Gamblers Assistance Fund) has the Environmental Trust Fund and Nebraska Education Fund each receiving 44.5% (plus 10% to State Fair and additional 1% to Gamblers Assistance Fund). IF the taxes were entirely deducted from the beneficiaries portion, and in a similar proration the Environmental Trust Fund loss could be \$4.4 million (44.5% of \$9.9 million tax estimate). This would be 23.4% of the Trust's total FY16 share reducing the amount of grant awards accordingly.

The Nebraska Department of Revenues 2016 Nebraska Tax Expenditure Report estimated the 'lost sales taxes' from the deduction of trade-in values of motor vehicles and motorboats purchase prices at \$70,837,000. Since these values don't differentiate between motor vehicles and motorboats, it is difficult to assess the impact of motorboats alone. It is thought that the vast majority of impact lies with motor vehicles. It is thought that the majority of 'used' boats are sold privately as opposed to being traded in, but that is an anecdotal observation. No estimates have been made on the impact/volume of ATV/UTV trade-in volumes.

Currently, through October 1, 2019, the proceeds of the sales and use taxes imposed on motorboats, ATVs and UTVs are credited to the Game and Parks Commission Capital Maintenance Fund. The elimination of deducting trade-in value from the sales price would increase the amount of sales/use taxes collected. A definitive estimate of that impact is not determinable at this time.

The following calculations are from the Commission on Problem Gambling
 IMPACT OF 7% SALES TAX ON STATE LOTTERY TICKETS

FYE 2016 results of Lottery operations:

Reported ticket sales year end June 30, 2016:	180,322,444
Prizes paid:	104,524,366
Other operating expenses:	30,919,740
Net operating income:	44,878,338
Cash paid to beneficiary funds:	42,782,923
Cash paid to beneficiaries as percentage of net operations:	95.33%

Projected 7% sales tax on total lottery ticket sales:	12,622,571
Projected net operating income after sales tax:	32,255,767
Beneficiary distributions at 95.33% of net:	30,749,423

Impact on Beneficiary Funds:

Gamblers Assistance Fund: 500,000 + 1% of remainder

Gamblers Assistance Fund distribution FYE 2016	922,830
Projected distribution after subtracting sales tax	802,494
Projected reduction of fund distribution	120,336

Education Programs: 44.5% of remainder after subtraction of first 500,000

Education distributions FYE 2016	18,815,900
Projected distribution after subtracting sales tax	13,460,993
Projected reduction of fund distribution	5,354,907

Environmental Trust: 44.5% of remainder after subtraction of first 500,000

Environmental Trust distributions FYE 2016	18,815,901
Projected distribution after subtracting sales tax	13,460,993
Projected reduction of fund distribution	5,354,908

State Fair: 10% of remainder after subtraction of first 500,000

State Fair distributions FYE 2016	4,228,292
Projected distribution after subtracting sales tax	3,024,942
Projected reduction of fund distribution	1,203,350

IMPACT OF 5.5% SALES TAX ON STATE LOTTERY TICKETS

FYE 2016 results of Lottery operations:

Reported ticket sales year end June 30, 2016:	180,322,444
Prizes paid:	104,524,366
Other operating expenses:	30,919,740
Net operating income:	44,878,338
Cash paid to beneficiary funds:	42,782,923
Cash paid to beneficiaries as percentage of net operations:	95.33%

Projected 5.5% sales tax on total lottery ticket sales:	9,917,734
Projected net operating income after sales tax:	34,960,604
Beneficiary distributions at 95.33% of net:	33,327,944

Impact on Beneficiary Funds:

Gamblers Assistance Fund: 500,000 + 1% of remainder

Gamblers Assistance Fund distribution FYE 2016	922,830
Projected distribution after subtracting sales tax	828,279
Projected reduction of fund distribution	94,551

Education Programs: 44.5% of remainder after subtraction of first 500,000

Education distributions FYE 2016	18,815,900
Projected distribution after subtracting sales tax	14,608,435
Projected reduction of fund distribution	4,207,465

Environmental Trust: 44.5% of remainder after subtraction of first 500,000

Environmental Trust distributions FYE 2016	18,815,901
Projected distribution after subtracting sales tax	14,608,435
Projected reduction of fund distribution	4,207,466

State Fair: 10% of remainder after subtraction of first 500,000

State Fair distributions FYE 2016	4,228,292
Projected distribution after subtracting sales tax	3,282,794
Projected reduction of fund distribution	945,498