

Updated for the 2018 Session. Includes any amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$399,400	See Below	\$285,700	See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$399,400	See Below	\$285,700	See Below

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

LB 44 creates the Remote Seller Sales Tax Collection Act.

LB 44 provides that a remote seller, as defined by the bill, shall be subject to the Nebraska Revenue Act of 1967, the Local Option Revenue Act, and Nebraska Revised Statutes Sections 13-319 and 13-2813 and shall remit the sales tax due under those acts and sections if they meet either of the following conditions:

- A) Their gross revenue from the sale of tangible personal property, products delivered electronically, and services delivered into Nebraska exceeds \$100,000 in the current or previous calendar year;
- B) Their sales transactions equaled or exceeded 200 separate transactions in the current or previous calendar year.

A remote seller is defined as any person who sells tangible personal property, products delivered electronically, or services for delivery into Nebraska and who does not have a physical presence in this state.

The bill further provides that nothing in the bill relieves a purchaser from Nebraska of their obligation to remit use tax on any applicable transaction in which the remote seller does not collect and remit an offsetting sales tax.

In addition, if a remote seller refuses to collect and remit the sales tax due in accordance with the Act, they shall:

- A) Notify Nebraska purchasers that sales or use tax is due on the purchase and that they are required to file a sales or use tax return. Failure of the remote seller to do so subjects them to a \$5 penalty for each failure;
- B) Send notification to all Nebraska purchasers by January 31 of each year showing the total amount paid by the purchaser for Nebraska purchases in the previous calendar year, sent by first class mail and not included with any other shipments. Failure to comply subjects the remote seller to a penalty of \$10 for each such failure.
- C) File an annual statement for each purchaser with the Department of Revenue showing the amount paid for Nebraska purchases by such purchasers during the preceding calendar year or portion thereof, by March 1 of each year. Failure to do so shall subject the remote seller to a penalty of \$10 for each purchaser that should be included in the report.

Delivered electronically means obtained by the purchaser by means other than tangible storage media.

Tangible personal property means personal property which may be seen, weighed, measured, felt, or touched or which is in any other manner perceptible to the senses. Tangible personal property includes electricity, water, gas, steam, and prewritten computer software.

Service has the same meaning as found in Section 77-2701.16.

The Department of Revenue is given rule and regulation authority to carry out the provisions of LB 44.

The bill contains the emergency clause.

The Department of Revenue indicates, assuming federal law allow the State to require remote sellers to collect and remit sales tax that the State would collect additional sales tax revenue of between \$30 to \$40 million annually.

The Department of Revenue estimates a cost of \$47,500 paid to the Office of the CIO for mainframe development and web development. In addition, the Department will need to hire IT contractors to implement an IT application to track and match data at an additional cost of \$47,500. The Department will also need 1.0 FTE for each of the following positions: Attorney III, Revenue Auditor III, Revenue Agent, Revenue Operations Clerk II, and Office Clerk III to implement the provisions of LB 44.

PSL costs for each year of the biennium will be \$210,100 for FY2018-19 and \$214,800 for FY2018-19.

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