

Revised due to adoption of amendments on General File

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$16,000		\$39,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$16,000		\$39,000

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

LB 472 adopts the Qualified Judgment Payment Act.

The act applies to any county that has a qualified judgment rendered against it. A “qualified judgment” is a judgment rendered against a county by a federal court for a violation of federal law. Any such county can, upon affirmative vote in favor of a resolution by a 2/3 vote of the elected members of the county board, impose a sales and use tax of one-half of one percent on all transactions to pay the qualified judgment.

The Tax Commissioner administers the tax imposed under the act and can adopt and promulgate rules and regulations. The county must furnish a certified copy of the adopted resolution, and the tax begins on the first day of the first calendar quarter beginning at least 60 days after receipt of the resolution. The Tax Commissioner must provide at least 30 days’ notice to retailers within the county.

As amended, the tax terminates on the first day of the first calendar quarter after the judgment has been paid in full or after seven years, whichever is earlier. The county must notify the Tax Commissioner of the anticipated termination date 120 days in advance, and the Tax Commissioner must provide at least 60 days’ notice to retailers within the county. An amendment to the bill also terminates the act on January 1, 2027.

The Tax Commissioner must collect the tax imposed concurrently with state sales and use tax and remit monthly payments to the county, after deducting refunds made and 3% of the remainder as an administrative fee for deposit in the General Fund.

LB 472 prohibits a tax under the act if the county is imposing a tax to finance public safety services or to provide the county share of funds under an agreement pursuant to the Interlocal Cooperation Act or Joint Public Agency Act.

Finally, as amended, the bill requires any county imposing a sales and use tax pursuant to the act to set its property tax levy at the maximum levy authorized by 77-3442 for each year the sales and use tax is imposed and to use any available revenue from such levy for payment of the judgment.

Revenue:

The Department of Revenue estimates the bill’s provisions would currently apply to one county, and the tax increase could be adopted by the county board with an effective date of January 1, 2020. As such, the fiscal impact would be as follows:

Fiscal Year	Gage County Total Net Taxable Sales (Includes Motor Vehicles)	0.5% Tax Increase Net Administration Fee (To County)	3% Administration Fee (General Fund)
2019-20	\$108,539,000	\$526,000	\$16,000
2020-21	\$266,355,000	\$1,292,000	\$39,000
2021-22	\$272,348,000	\$1,321,000	\$40,000
2022-23	\$278,476,000	\$1,351,000	\$41,000

Expenditures:

The department estimates minimal cost to implement the bill.

The department's estimates of revenue and expenditures seem reasonable based on the data available.

The county to which the act would currently apply previously set its property tax levy, including amounts allocated to other political subdivisions as allowed by law, at the statutory maximum of \$0.50 per \$100 of valuation for the 2018-2019 fiscal year. That county would be required to do so for subsequent years in order to impose the sales and use tax prescribed in LB 472.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 472	AM: 959, 1193	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Lee Will	DATE: 4/12/2019	PHONE: (402) 471-4175
COMMENTS: Concur with the Department of Revenue's assessment of fiscal impact.		

LB 472 AM 959 AM 1193

Fiscal Note 2019

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA:

Approved by: Tony Fulton

Date Prepared:

Phone: 471-5896

	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds						
Cash Funds						
Federal Funds						
Other Funds						
Total Funds						

AM 1193 retains all of the same provisions of LB 472 except instead of the two-thirds vote of the county board to adopt the sales and use tax resolution, under AM 1193, “the affirmative vote of at least a two-thirds majority of all elected members” of the county board is required.

AM 959 retains all of the same provisions of LB 472 with the exception of the following changes:

It requires the qualified judgment to be in excess of twenty-five million dollars before a county board may impose the county sales and use tax. The county sales and use tax may be imposed until the judgment has been paid in full or after seven years, whichever is earlier.

AM 959 also adds, any county imposing a sales and use tax pursuant to the Act must set its property tax levy at the maximum levy authorized in Neb. Rev. Stat. § 77-3442 for each year the county imposes the sales and use tax. Revenue from the levy will be used to pay the qualified judgment. The Act will terminate on January 1, 2027.

It is estimated that this bill will not change the fiscal impact on LB 472 as introduced.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure

Class Code	Classification Title	19-20 FTE	20-21 FTE	21-22 FTE	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....						