

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$17,234	(\$2,624,000)		(\$6,551,000)
CASH FUNDS		(\$376,000)		(\$934,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$17,234	(\$3,000,000)		(\$7,485,000)

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

LB 333 amends the Nebraska Revenue Act of 1967, Sections 77-2703 and Section 77-2708, regarding sales and use taxes.

The bill would increase the fee kept by retailers for collecting the sales and use tax.

At present, the collection fee is 2.5% of the first \$3,000 remitted each month. LB 333 keeps the 2.5% on the first \$3,000 and adds an additional 0.5% on amounts remitted over \$3,000 each month. The increase is to take effect January 1, 2014.

The Department of Revenue estimates the following fiscal impact to the following funds:

Fiscal Year:	General Fund:	Highway Cash Fund:	State Highway Capital Improvement Fund:	Highway Allocation Fund (Local):	State Visitors Promotion Cash Fund:	Tobacco Products Administration Cash Fund:
2013-14:	(\$ 2,624,000)	(\$ 233,000)	(\$ 106,000)	(\$ 267,000)	(\$ 22,000)	(\$ 15,000)
2014-15:	(\$ 6,551,000)	(\$ 576,000)	(\$ 265,000)	(\$ 659,000)	(\$ 58,000)	(\$ 35,000)
2015-16:	(\$ 6,813,000)	(\$ 594,000)	(\$ 276,000)	(\$ 680,000)	(\$ 63,000)	(\$ 36,000)
2016-17:	(\$ 7,085,000)	(\$ 612,000)	(\$ 287,000)	(\$ 700,000)	(\$ 67,000)	(\$ 36,000)

The Department of Revenue estimates a one-time programming charge of \$17,234 paid to the Office of the CIO for mainframe programming costs.

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

The Department of Roads also submitted an estimate of fiscal impact that is similar to that submitted by the Department of Revenue.

IMPACT TO POLITICAL SUBDIVISIONS:

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

FY2013-14:	(\$ 267,000)
FY2014-15:	(\$ 659,000)
FY2015-16:	(\$ 680,000)
FY2016-17:	(\$ 700,000)

The Department also estimates that counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$481,000, \$1,189,000, and \$1,225,000 in fiscal years 2013-14, 2014-15, and 2015-16, respectively.

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 333	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 3/18/2013	PHONE: 402.471.4181
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. The Department has advised that their estimate is based on 2012 actual taxable sales. The Department's estimate of the operational cost to implement the bill appears reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 333	AM:	AGENCY/POLT. SUB: Dept. of Roads
REVIEWED BY: Lyn Heaton	DATE: 3/18/2013	PHONE: 402.471.4181
COMMENTS: No basis upon which to disagree with the Dept. of Roads' analysis. The Department has advised that their estimate is based on 2012 actual motor vehicle sales. It appears the Department has not provided an estimate of the impact of the bill on the State Highway Capital Improvement Fund. The variance in the estimates between the Departments of Roads and Revenue Department will have to be reconciled.		

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA: 03/18/2013

Approved by: Douglas Ewald

Date Prepared: 03/15/2013

Phone: 471-5896

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$17,234	(\$2,624,000)		(\$6,551,000)		(\$6,813,000)
Cash Funds		(\$376,000)		(\$934,000)		(\$969,000)
Federal Funds						
Other Funds		(\$267,000)		(\$659,000)		(\$680,000)
Total Funds	\$17,234	(\$3,267,000)		(\$8,144,000)		(\$8,462,000)

LB 333 increases the sales and use tax collection fees from 2.5% on the first \$3,000 remitted per month to 2.5% on the first \$3,000 remitted per month and 0.5% on all amounts remitted above \$3,000 per month.

The estimated impact of the increase in collection fee is expected to be as follows:

Fiscal Year	General Fund	Highway Trust Fund	State Highway Capital Improvement Fund	Highway Allocation Fund (Cities and Counties)	State Visitors Promotion Cash Fund	Tobacco Products Administration Cash Fund
FY 2013-14	(\$2,624,000)	(\$233,000)	(\$106,000)	(\$267,000)	(\$22,000)	(\$15,000)
FY 2014-15	(\$6,551,000)	(\$576,000)	(\$265,000)	(\$659,000)	(\$58,000)	(\$35,000)
FY 2015-16	(\$6,813,000)	(\$594,000)	(\$276,000)	(\$680,000)	(\$63,000)	(\$36,000)
FY 2016-17	(\$7,085,000)	(\$612,000)	(\$287,000)	(\$700,000)	(\$67,000)	(\$36,000)

Counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$0.481 million, \$1.189 million, and \$1.225 million in fiscal years FY 2013-14, FY 2014-15, and FY 2015-16, respectively.

LB 333 will require a one-time programming charge of \$17,234 paid to the OCIO for mainframe programming costs.

The operative date of the bill is January 1, 2014.

Major Objects of Expenditure

Class Code	Classification Title	13-14	14-15	15-16	13-14	14-15	15-16
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$17,234		
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....				\$17,234		
	Total.....						

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2013

LB⁽¹⁾ 333 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Department of Roads

Prepared by: (3) Becky Fleming Date Prepared: (4) 2/21/2013 Phone: (5) 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(\$215,500)*	_____	(\$431,000)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>(\$215,500)*</u>	<u>_____</u>	<u>(\$431,000)</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 333 changes the sales and use tax collection fees. Effective January 1, 2014 the collector will be allowed to also retain 1/2% of amounts in excess of \$3,000.

Before January 1, 2014 - 2 1/2% of the first \$3,000 remitted

On and After January 1, 2014 - 2 1/2% of the first \$3,000 remitted and 1/2% of all amounts in excess of \$3,000

Sales tax on motor vehicles are collected by county treasurers and remitted to the Highway Trust Fund with the Highway Cash Fund receiving 53 1/3% of this revenue.

Based on FY2012 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$431,000 annually (* calculated as 1/2 of annual total for FY14). Cities and counties would lose \$458,000.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>