

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		2,100,000		8,500,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		2,100,000		8,500,000

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

LB 610 increases the fixed fuel tax distributed to the Department of Roads by .5¢ per year starting January 1, 2016 until a tax increase of 2¢ per gallon is reached on January 1, 2019. In addition, the bill increases the fixed fuel tax distributed to cities and counties by 1¢ per year starting January 1, 2016 until a tax increase of 4¢ per gallon is reached on January 1, 2019.

Fiscal Impact for the Department of Roads

The fixed fuel tax revenue distributed to the Department of Roads will increase as shown in the following table. The fiscal impact is based on one cent of the fuel tax generating \$12,700,000 per year and a two month lag in receipts when the tax rate changes on January 1st of each year.

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20 and beyond
Tax Rate (rate increase occurs on January 1)	7.5¢	8.0¢	8.5¢	9.0¢	9.5¢	9.5¢
Additional Revenue over the base year of FY2014-15		\$2.1 million	\$8.5 million	\$14.8 million	\$21.2 million	\$25.4 million

Fiscal Impact for the Cities and Counties

The fixed fuel tax revenue distributed to cities and counties will increase as shown in the following table. The fiscal impact is based on one cent of the fuel tax generating \$12,700,000 per year and a two month lag in receipts when the tax rate changes on January 1st of each year.

	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20 and beyond
Tax Rate (rate increase occurs on January 1)	2.8¢	3.8¢	4.8¢	5.8¢	6.8¢	6.8¢
Additional Revenue over the base year of FY2014-15		\$4.2 million	\$16.9 million	\$29.6 million	\$42.3 million	\$50.8 million

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 610	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 3/4/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department of Revenue analysis.			

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFA: 3/4/2015
Approved by: Len Sloup Date Prepared: 3/4/2015 Phone: 471-5896

Table with 6 columns: Fund Type, FY 2015-2016 Expenditures, FY 2015-2016 Revenue, FY 2016-2017 Expenditures, FY 2016-2017 Revenue, FY 2017-2018 Expenditures, FY 2017-2018 Revenue. Rows include General Funds, Cash Funds, Federal Funds, Other Funds, and Total Funds.

LB 610 raises the tax rate for both of the fixed rate components to the motor fuels tax beginning in January 1, 2016.

The first fixed rate component is applied to the Highway Cash Fund. Currently, there is an excise tax rate of 7.5 cents per gallon of motor fuels purchased, use tax equivalent, and compressed fuel used. The rate will increase to 8.0 cents per gallon for calendar year 2016, 8.5 cents per gallon for calendar year 2017, 9.0 cents per gallon for calendar year 2018, and 9.5 cents per gallon beginning calendar year 2019.

The second fixed rate component is applied to the Highway Allocation Fund. Currently, there is an excise tax rate of 2.8 cents per gallon of motor fuels purchased, use tax equivalent, and compressed fuel used. The rate will increase to 3.8 cents per gallon for calendar year 2016, 4.8 cents per gallon for calendar year 2017, 5.8 cents per gallon for calendar year 2018, and 6.8 cents per gallon beginning calendar year 2019.

The estimated increase to the Highway Allocation Fund and the Highway Cash Fund would be as follows:

Table with 4 columns: Fiscal Year, Highway Cash Fund, Highway Allocation Fund, Total Impact. Rows show data for fiscal years 2015-16 through 2019-20.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure

Table with 8 columns: Class Code, Classification Title, 15-16 FTE, 16-17 FTE, 17-18 FTE, 15-16 Expenditures, 16-17 Expenditures, 17-18 Expenditures. Rows include Benefits, Operating Costs, Travel, Capital Outlay, Aid, Capital Improvements, and Total.

Please complete ALL (5) blanks in the first three lines.

2015

LB⁽¹⁾ 610

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Dept of Roads

Prepared by: ⁽³⁾ Becky Fleming

Date Prepared: ⁽⁴⁾ 1/29/15

Phone: ⁽⁵⁾ (402) 479 4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	\$2,500,000.00	_____	\$8,500,000.00
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	\$2,500,000.00	=====	\$8,500,000.00

Explanation of Estimate:

LB 610 increases the state motor fuel excise tax base by one-half cent per year and the city/county motor fuel excise tax base by one cent per year beginning on January 1st 2016 through January 1st 2019 with no end date in the last year. Currently the state base excise tax is at seven and one-half cents per gallon and the city/county base excise tax is at two and eight-tenths cents per gallon. The following chart shows the growth in the excise tax for the state and the revenue generated by that increase:

	FY15	FY16	FY17	FY18	FY19
Tax Rate State	7.5¢	8.0¢	8.5¢	9.0¢	9.5¢
Increase in Revenue for State		\$2.5 mil	\$8.5 mil	\$14.5 mil	\$20.5 mil

It is estimated that the revenue received by the cities/counties each year would be twice the amount the state receives with each receiving 50% to be allocated.

In order for the Department of Roads to realize the revenue from the increase in the motor fuel excise tax, the Highway Cash Fund appropriation will need to be increased.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____