

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	\$12,650	(\$4,790,000)		(\$12,632,000)
CASH FUNDS		\$4,790,000		\$12,632,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$12,650	0		0

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

LB 438 provides for 10% of the proceeds of the sales and use taxes derived from transactions occurring after January 1, 2016 from online purchases to be credited to the Excellence in Education Trust Fund. This excludes proceeds credited to the Highway Trust Fund, State Highway Capital Improvement Fund and Highway Allocation Fund.

The Excellence in Education Trust Fund is created in the bill to provide a dedicated source of revenue to stabilize the total amount of state aid to schools under the Tax Equity and Educational Opportunities Support Act (TEEOSA) and to develop innovative educational grant programs for primary and secondary public schools. LB 438 provides for the Legislature to transfer funds from the Excellence in Education Trust Fund to fund TEEOSA aid whenever the Legislature determines it is necessary to provide additional funding for TEEOSA.

Revenues: The Department of Revenue projects a loss of revenue to the General Fund of \$4,760,000 in FY16, \$12,632,000 in FY17, \$13,901,000 in FY18 and \$15,245,000 assuming sales taxes are collected for online sales. The Excellence in Education Trust Fund will have increased revenue of a like amount. It is unknown when the funds will be expended by the Legislature for TEEOSA aid and to what extent trust funds will be used to offset future general fund requirements for TEEOSA aid. It is also unknown how much will be expended to develop innovative educational grant programs and the process for awarding grants.

Expenditures: The Department of Revenue will have one-time computer programming expenses of \$12,650 of general funds in FY16 related to changes in programming for the mainframe, web development, and programming to allow retailers to report online sales tax collections separately from other sales.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 438	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 3/5/2015	PHONE: 471-4181
<p>COMMENTS: No basis upon which to disagree with the Department of Revenue's estimate of General Fund revenue the bill earmarks to be credited to the new Excellence in Education Trust Fund.</p> <p>Technical Note: Pursuant to established fund definitions within the State's system of budgeting and accounting, the Excellence in Education Fund as designated for use within the bill would likely be classified as a cash fund. Further, the bill authorizes transfers to be made from the Excellence in Education Fund to the Tax Equity and Educational Opportunities Fund when directed by the Legislature. Since appropriations for TEEOSA are made from the General Fund, this is in essence authorizing transfers back to the General Fund.</p>			

