

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$66,986	(\$1,227,000)	\$0	(\$1,256,000)
CASH FUNDS		(\$50,000)		(\$51,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$66,986	(\$1,277,000)	\$0	(\$1,307,000)

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

LB 361 amends the Nebraska Revenue Act of 1967 Section 77-2701 and 77-2701.04 to create a sales and use tax exemption.

The bill creates a sales tax holiday beginning at 12:01 a.m. on the first Friday in August running to 11:59 p.m. the following Saturday.

Exempt items include the following:

- Clothing with a sales price of \$100 or less per item;
- Footwear with a sales price of \$150 or less per item;

The bill also contains a number of exclusions from the exemption, including the following:

- Clothing accessories or equipment;
- Protective equipment;
- Sport or recreational equipment;
- School instructional material;
- Any item for use in a trade or business;
- The sale of any item in a theme park, entertainment complex, public lodging establishment, or airport;
- The lease or rental of any item.

The bill also provides reporting requirements for retailers; specific requirements regarding layaway items, delivery charges, returns, exchanges; and a 60-day reporting period following the exemption period.

The bill has an operative date of July 1, 2017 and contains the emergency clause.

The Department of Revenue has estimated that LB 361 would reduce revenue to the following funds as indicated below:

Fiscal Year:	General Fund:	State Highway Capital Improvement Fund:	Highway Allocation Fund: (Local)	Total:
2017-18:	(\$ 1,227,000)	(\$ 50,000)	(\$ 9,000)	(\$ 1,286,000)
2018-19:	(\$ 1,256,000)	(\$ 51,000)	(\$ 9,000)	(\$ 1,316,000)
2019-20:	(\$ 1,289,000)	(\$ 52,000)	(\$ 9,000)	(\$ 1,350,000)
2020-21:	(\$ 1,323,000)	(\$ 54,000)	(\$ 9,000)	(\$ 1,386,000)

The Department indicates the cost to implement the provisions of LB 361 will include \$66,986 for a development costs paid to the Office of the CIO.

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

IMPACT TO POLITICAL SUBDIVISIONS:

The impact to the Highway Allocation Fund is as follows:

- FY2017-18: (\$ 9,000)
- FY2018-19: (\$ 9,000)
- FY2019-20: (\$ 9,000)
- FY2020-21: (\$ 9,000)

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 361	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Lyn Heaton	DATE: 3/15/2017	PHONE: (402) 471-4181
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis given their assumptions (provided in a follow-up conversation).		

