

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	22,956	(1,200,000)		(1,374,000)
CASH FUNDS		SHCIF – (44,000) AICF – 1,252,000		SHCIF – (56,000) AICF – 1,440,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	22,956	See below		See below

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

LB1033 amends 77-27,132 to provide that transactions occurring on or after July 1, 2020 for an amount equal to the total amount of sales and use taxes imposed on the sale or lease of aircraft are credited to a newly created Department of Transportation Aeronautics Capital Improvement Fund (ACIF).

The uses of the newly created fund include providing funding to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure under the authority and administration of the Division of Aeronautics in the Department of Transportation (NDOT).

The Department of Revenue (DOR) has indicated that based on registration data from the Federal Aviation Administration which is utilized to contact aircraft owners and lessors to confirm that all applicable sale and used taxes are paid, an average of sales and use tax receipts over the past seven (7) years was used to arrive at an annual estimate of applicable sales and use taxes received that was adjusted in future years based on past history and current economic forecasts.

Based on the estimates provided by the DOR (see attached), there would be a fiscal impact in the form of a revenue decrease to the General Fund, State Highway Capital Improvement Fund (SHCIF- NDOT), and Highway Allocation Fund (HAF – Cities and Counties). Under current statute, one quarter (1/4) of one percent (1%) of the sales and use taxes collected\* are set aside to be remitted to the SHCIF (85% of total) and HAF (15% of total). The remaining revenue is remitted to the General Fund.

The fiscal note (see attached) provided by the DOR provides the following revenue decrease estimates (of which there is no basis to disagree):

<b>Estimated Revenue Reduction</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
General Fund	\$1,200,000	\$1,374,000	\$1,443,000	\$1,515,000
SHCIF - NDOT	\$44,000	\$56,000	\$58,000	\$61,000
HAF - Cities & Counties	\$8,000	\$10,000	\$10,000	\$11,000

For perspective, the annual proceeds from the one quarter (1/4) of one percent (1%) of the sales and use taxes collected in FY19 that were remitted to the SHCIF and HAF were approximately \$67,000,000 and \$11,900,000, respectively. Additionally, HAF revenue from sales and use tax is approximately 3.67 percent of the HAF's total revenue.

The DOR has estimated the newly created NDOT Aeronautics Capital Improvement Fund will receive annual revenue in the following amounts:

<b>Estimated Aeronautics Capital Improvement Fund Revenue</b>			
<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
\$1,252,000	\$1,440,000	\$1,511,000	\$1,587,000

The operative date of the bill is July 1, 2020 and there is a one (1) month lag in the tax receipts being available, as such (per the DOR) the FY21 estimates were adjusted to reflect 11 months of revenue.

The DOR has indicated one-time programming costs associated with the change are estimated to be \$22,956. There is no basis to disagree with the estimate.

The NDOT has provided a fiscal note (see attached) which mirrors the information delineated above and indicates no additional expenses will be incurred to administer the new fund. A basis to disagree with their assessment is absent.

\*Not including those sales and use tax proceeds for personal watercraft, all-terrain vehicles, utility-type vehicles, motor vehicles, trailers, and semitrailers which are remitted to the Highway Trust Fund.



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

2020

LB<sup>(1)</sup> 1033

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation

Prepared by: <sup>(3)</sup> Jenessa Boynton Date Prepared: <sup>(4)</sup> 1/27/20 Phone: <sup>(5)</sup> 402-479-4691

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below*	See below	See below*	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

**Explanation of Estimate:**

LB 1033 amends section 77-27,132 to provide, effective with transactions occurring on or after July 1, 2020, that the Department of Revenue shall credit the sales and use tax revenue attributable to the sale or lease of aircraft as defined in section 3-101 to the Department of Transportation Aeronautics Capital Improvement Fund, which fund is created in the bill. The bill redirects the sales tax revenue on sale or lease of aircraft as defined from the state General Fund, the State Highway Capital Improvement Fund, and Highway Allocation Fund to the new fund. The Department of Transportation (NDOT) shall administer the new fund to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure under the authority and administration of the Division of Aeronautics of NDOT.

Revenue to Aeronautics Capital Improvement Fund				
	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Aeronautics Capital Improvement Fund	\$1,250,000.00	\$1,440,000.00	\$1,511,000.00	\$1,587,000.00

Revenue Reductions to Build Nebraska Act Funds				
	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Highway Capital Improvement Fund	(\$44,000.00)	(\$56,000.00)	(\$58,000.00)	(\$61,000.00)
Highway Allocation Fund (cities and counties)	(\$8,000.00)	(\$10,000.00)	(\$10,000.00)	(\$11,000.00)
Total	(\$52,000.00)	(\$66,000.00)	(\$68,000.00)	(\$72,000.00)

This estimate of tax revenue was obtained from the Nebraska Department of Revenue. No additional expense or employees (FTEs) will be needed to administer the new fund. Changes in the distribution of sales tax revenue will divert funds from the Build Nebraska Act impacting NDOT, cities, and counties.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2020-21	2021-22
	20-21	21-22	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....			\$1,250,000.00*	\$1,440,000.00*
TOTAL.....				