

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|--|--------------|-------------|--------------|-------------|
| | FY 2007-08 | | FY 2008-09 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | (3,760,000) | | (3,971,000) |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | (3,760,000) | | (3,971,000) |

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 60 creates a sales tax holiday, in which there is a sales and use tax exemption for clothing, school supplies, and computer equipment from the first Friday in August until the following Sunday. Details pertaining to each exempted item are contained in the bill. Per purchase exemption limits are as follows:

- Clothing: exempt on purchases of up to \$100
- School Supplies: exempt on purchases of up to \$100
- Computers and peripherals: exempt on purchases of up to \$1,500

Based on similar legislation in North Carolina, the estimated impact on Sales and Use tax receipts is estimated as follows:

| <u>Fiscal Year</u> | <u>Revenue</u> |
|--------------------|----------------|
| 2007-08 | (3,760,000) |
| 2008-09 | (3,971,000) |
| 2009-10 | (4,195,000) |
| 2010-11 | (4,431,000) |

The Streamlined Sale Tax Agreement requires notice of the exemption period at least sixty days prior to the first day of the calendar quarter in which the exemption period will begin, this means that in order to take effect in August 2007, the bill would need to be signed with the emergency clause by May 2.

IMPACT ON POLITICAL SUBDIVISIONS: It is estimated that the effect on local option sales and use tax returned to municipalities would be as follows:

| <u>Fiscal Year</u> | <u>Revenue</u> |
|--------------------|----------------|
| 2007-08 | (857,000) |
| 2008-09 | (905,000) |
| 2009-10 | (957,000) |
| 2010-11 | (1,010,000) |