

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$40,800	(\$3,722,000)		\$1,342,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$40,800	(\$3,722,000)		\$1,342,000

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

LB 485 would eliminate the sales and use tax on natural gas and impose an excise tax on natural gas used for residential purposes based on British thermal units (BTUs) used.

The excise tax rate would be 74.15 cents per 1 million BTUs, plus an additional 6.74 cents per 1 million BTUs per one-half cent of the local option sales tax imposed by a political subdivision.

The revenue generated by the excise tax is to be remitted to the Department of Revenue for deposit in the General Fund or for distribution to political subdivisions that impose a local option sales tax. The bill does not specify the proportion of the revenue that is to be remitted to the General Fund or distributed to political subdivisions; neither does it specify the proportion each political subdivision is to receive if the revenue is distributed to political subdivisions.

The Department of Revenue estimates the following fiscal impact to the General Fund based on January 2009 estimates of future natural gas prices:

FY2009-10:	(\$3,722,000)
FY2010-11:	\$1,342,000
FY2011-12:	\$ 758,000
FY2012-13:	\$ 428,000
FY2013-14:	(\$2,361,000)

The Department of Revenue estimates a one-time programming expenditure of \$40,800.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact.

IMPACT TO POLITICAL SUBDIVISIONS:

The impact to political subdivisions will vary dependent on the price charged for natural gas in their area and, if and how revenue is distributed to local governments.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
CITY OF LINCOLN: No basis upon which to disagree.					