

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	58,451	(3,335,000)	55,356	(5,200,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	58,451	(3,335,000)	55,356	(5,200,000)

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

LB 494 provides a sales tax exemption for the cost of manufacturing machinery and equipment purchased by Option 2 contractors, who incorporate said machinery into property owned by a manufacturer. The bill also provides a method by which a manufacturer may apply for a refund if sales tax is paid by the contractor. The bill has an operative date of October 1, 2007.

The Department of revenue estimates the following General Fund impact:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(3,335,000)
2008-09	(5,200,000)
2009-10	(5,408,000)
2010-11	(5,624,000)

The Department of Revenue estimates the following ongoing personnel costs associated the implementation of this bill:

<u>Expense Items</u>	<u>FY08</u>	<u>FY09</u>
Revenue Senior Auditor (1.0 FTE)	40,414	41,621
Benefits	13,337	13,735
Operating Expenses	4,700	
Total	58,451	55,356

IMPACT ON POLITICAL SUBDIVISIONS: It is estimated that the bill will have the following impact on local option sales tax returned to municipalities:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(760,000)
2008-09	(1,185,000)
2009-10	(1,235,000)
2010-11	(1,285,000)