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DATE PREPARED: January 4, 2002
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LB 727

Revision: 01

FISCAL NOTE

Updated for the 2002 session. Includes any amendments adopted to-date.

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2002-03		FY 2003-04	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	42,875		30,751	
CASH FUNDS		70,000		70,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	42,875	70,000	30,751	70,000

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

This bill grants a sales tax exemption for prepaid calling card purchased through a vending machine. It requires a $50 decal to be affixed to the vending machine and imposes penalties for not displaying the decal. The decal revenue is deposited into the Charitable Gaming Cash Fund. Quarterly, the vending machine owner is required to report to the Department of Revenue the amount of sales of calling cards through the vending machine and remit 5% of the amount collected. These funds are deposited into the General Fund. The bill is operative on October 1, 2001. Since this is a carry-over bill, it is assumed that this date will be changed.

REVENUE IMPACT: This bill will increase Charitable Gaming Cash Fund revenues due to the $50 decal. The portion of the bill exempting calling cards sold through a vending machine from the sales tax but then imposing a 5% tax on the sales of these cards has no net impact on General Fund revenues.

The Department of Revenue estimates that 1,400 vending machines would be subject to the provisions of this bill and the estimated decal revenue from these machines on an annual basis would be $70,000. The decal fee revenues are deposited in the Charitable Gaming Cash Fund. The agency assumes a July 1, 2002, operative date.

EXPENDITURE IMPACT: The Department of Revenue estimates the following implementation cost associated with this bill:

ITEM	FY2003	FY2004
Revenue Operations Clerk II (0.86 FTE)	21,087	21,898
Benefits	5,588	5,803
Operating costs	16,200	3,050
TOTAL	42,875	30,751

NOTE: The Department of Revenue has noted some technical problems with this bill. Please see the agency response that is attached.

Impact on Subdivisions: Political subdivisions with a local option sales tax could have reduced revenues under this bill. This is estimated to be minimal from a statewide perspective.