Doug Gibbs January 27, 2014 402-471-0051

LB 829

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | | | | |
|--|--------------|---------------|--------------|---------------|--|--|--|
| | FY 201 | 4-15 | FY 20 |)15-16 | | | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE | | | |
| GENERAL FUNDS | | (\$1,452,000) | | (\$2,616,000) | | | |
| CASH FUNDS | | | | | | | |
| FEDERAL FUNDS | | | | | | | |
| OTHER FUNDS | | | | | | | |
| TOTAL FUNDS | | (\$1,452,000) | | (\$2,616,000) | | | |

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

LB 829 amends Nebraska Revised Statutes Section 77-2701.35

The bill amends the definition of sales price to exclude United States postage charges on direct mail that is separately stated on an invoice, bill of sale, or similar document given to the purchaser. This has the effect of exempting such charges from sales tax.

The bill has an operative date of October 1, 2014.

The Department of Revenue estimates the following fiscal impact as a result of LB 829:

| FY2014-15: | (\$1,452,000) |
|------------|---------------|
| FY2015-16: | (\$2,616,000) |
| FY2016-17: | (\$2,749,000) |
| FY2017-18: | (\$2,889,000) |

The Department indicates no cost to implement the provisions of LB 829.

We find no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates the fiscal impact on the local option sales tax to cities would be an annual reduction of \$586,000.

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

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | | | | | | |
|---|-----|---|-----------------|----------------------------|--|--|--|
| LB: <mark>829</mark> | AM: | AGENCY/POLT. SUB: Department of Revenue | | | | | |
| REVIEWED BY: Lyn Heaton | | | DATE: 1/28/2014 | PHONE: <u>402.471.4181</u> | | | |
| COMMENTS: No basis upon which to disagree with the Dept. of Revenue analysis. Agree that there is no administrative | | | | | | | |
| fiscal impact for the Department to implement. | | | | | | | |

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Fiscal Note 2014

| State Agency Estimate | | | | | | | | |
|------------------------------------|--------------|----------------|---------------|----------------|-----------------|----------------|--|--|
| State Agency Name: Department of I | | | Date Due LFA: | 1/21/2014 | | | | |
| Approved by: Kim Conroy Date P | | Date Prepared: | 1/21/2014 | | Phone: 471-5896 | | | |
| <u>FY 2014-2015</u> | | FY 2015-2016 | | FY 2016-2017 | | | | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue | | |
| General Funds | | (\$ 1,452,000) | | (\$ 2,616,000) | | (\$ 2,749,000) | | |
| Cash Funds | | | | | | | | |
| Federal Funds | | | | | | | | |
| Other Funds | | | | | | | | |
| Total Funds | | (\$ 1,452,000) | | (\$ 2,616,000) | | (\$ 2,749,000) | | |
| | | | | | | | | |

LB 829 excludes United States postage charges on direct mail from the definition of sales price. The charges for United States postage must be separately stated on the invoice, bill of sale, or similar document given to the purchaser.

The estimated reduction to the General Fund would be as follows:

FY 2014-15\$ 1,452,000FY 2015-16\$ 2,616,000FY 2016-17\$ 2,749,000FY 2017-18\$ 2,889,000

The estimated reduction to local option sales tax to cities and counties would be \$586,000 per annum.

It is estimated that there will be no costs to the Department to implement this bill.

This bill would become operative on October 1, 2014.

| Major Objects of Expenditure | | | | | | | | |
|------------------------------|----------------------|---------------------|---------------------|---------------------|------------------------------|------------------------------|------------------------------|--|
| <u>Class Code</u> | Classification Title | 14-15 <u>FTE</u> | 15-16 <u>FTE</u> | 16-17 <u>FTE</u> | 14-15 <u>Expenditures</u> | 15-16 <u>Expenditures</u> | 16-17 <u>Expenditures</u> | |
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| | | | | | | | | |
| Benefits | | | | | | | | |
| Operating Costs | | | | | | | | |
| Travel | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Aid | | | | | | | | |
| Capital Improvements | | | | | | | | |
| Total | | | | | | | | |