Samuel Malson January 12, 2021 402-471-0051

LB 175

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates) | | | | | | | | | |
|--|-----------------------|--------------------|--------------|--------------------|--|--|--|--|--|
| | FY 2021-22 FY 2022-23 | | | | | | | | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE | | | | | |
| GENERAL FUNDS | See Below | (\$1,282,000) | | (\$1,468,000) | | | | | |
| CASH FUNDS | | SHCIF - (\$43,000) | | SHCIF - (\$59,000) | | | | | |
| 0,1011101120 | | AICF - \$1,333,000 | | AICF – \$1,537,000 | | | | | |
| FEDERAL FUNDS | | | | | | | | | |
| OTHER FUNDS | | | | | | | | | |
| TOTAL FUNDS | See Below | See Below | | See Below | | | | | |

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

LB175 amends 77-27,132 to provide that transactions occurring on or after July 1, 2021 for an amount equal to the total amount of sales and use taxes imposed on the sale or lease of aircraft are credited to a newly created Department of Transportation Aeronautics Capital Improvement Fund (ACIF). The uses of the newly created fund include providing funding to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure at any public-use airport licensed by the Division of Aeronautics in the Department of Transportation (NDOT).

The Department of Revenue (DOR) has indicated that based on registration data from the Federal Aviation Administration which is utilized to contact aircraft owners and lessors to confirm that all applicable sale and used taxes are paid, an average of sales and use tax receipts over the past seven (7) years was used to arrive at an annual estimate of applicable sales and use taxes received that was adjusted in future years based on past history and current economic forecasts.

Based on the estimates provided by the DOR (see attached), there would be a fiscal impact in the form of a revenue decrease to the General Fund, State Highway Capital Improvement Fund (SHCIF- NDOT), and Highway Allocation Fund (HAF – Cities and Counties). Under current statute, one quarter (1/4) of one percent (1%) of the sales and use taxes collected* are set aside to be remitted to the SHCIF (85% of total) and HAF (15% of total). The remaining revenue is remitted to the General Fund.

The fiscal note (see attached) provided by the DOR provides the following revenue decrease estimates (of which there is no basis to disagree):

| Estimated Revenue Reduction | FY22 | FY23 | FY24 | FY25 |
|-----------------------------|-------------|-------------|-------------|-------------|
| General Fund | \$1,282,000 | \$1,468,000 | \$1,542,000 | \$1,619,000 |
| SHCIF - NDOT | \$43,000 | \$59,000 | \$62,000 | \$66,000 |
| HAF - Cities & Counties | \$8,000 | \$10,000 | \$11,000 | \$12,000 |

The DOR has estimated the newly created NDOT Aeronautics Capital Improvement Fund will receive annual revenue in the following amounts:

| Estimated Aeronautics Capital Improvement Fund Revenue | | | | | | | | |
|--|-------------|-------------|-------------|--|--|--|--|--|
| FY22 FY23 FY24 FY25 | | | | | | | | |
| \$1,333,000 | \$1,537,000 | \$1,615,000 | \$1,697,000 | | | | | |

The operative date of the bill is July 1, 2021 and there is a one (1) month lag in the tax receipts being available, as such the FY22 estimates reflect 11 months revenue.

The DOR has indicated one-time programming costs associated with the change are estimated to be \$14,490 in General Funds. If it is assumed this amount cannot be absorbed within the agencies existing budgeted allotment of 2.3 million in FY22 for OCIO charges, there is no basis to disagree with the estimate.

The NDOT has provided a fiscal note (see attached) which mirrors the information delineated above and indicates no additional expenses will be incurred to administer the new fund. A basis to disagree with their assessment is absent.

*Not including those sales and use tax proceeds for personal watercraft motorboats, all-terrain vehicles, utility-type vehicles, motor vehicles, trailers, and semitrailers.

| ADMINIS | STRATIVE SERVI | CES STATE BUDGET DIVISION: REVIEW OF A | GENCY & POLT. SUB. RESPONSE | | | | | |
|---|----------------|--|-----------------------------|--|--|--|--|--|
| LB: 175 | AM: | AGENCY/POLT. SUB: Department of R | evenue | | | | | |
| REVIEWED BY: | Lee Will | DATE: 02/17/2021 | PHONE: (402) 471-4175 | | | | | |
| COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact related to the credit of sale and lease of aircrafts to the Aeronautics Capital Improvement Fund. | | | | | | | | |

| ADMINIS | STRATIVE SERVI | CES STATE BUDGET DIVISION: REVIEW OF A | AGENCY & POLT. SUB. RESPONSE |
|--------------|----------------|--|---|
| LB: 175 | AM: | AGENCY/POLT. SUB: Department of T | Fransportation |
| REVIEWED BY: | Lee Will | DATE: 02/17/2021 | PHONE: (402) 471-4175 |
| | • | with the Department of Transportation's assessn teronautics Capital Improvement Fund. | nent of increased revenue related to the sale |

LB 175 Fiscal Note 2021

| State Agency Estimate | | | | | | | | |
|-------------------------------|--------------|----------------|--------------|---------------|---------------------|---------------|--|--|
| State Agency Name: Department | of Revenue | | | | Date Due LFO: | | | |
| Approved by: Tony Fulton | | Date Prepared: | 2/16/2021 | | Phone: 471-5896 | | | |
| | FY 2021 | -2022 | FY 2022 | 2-2023 | FY 2023 | -2024 | | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue | | |
| General Funds | \$14,490 | (\$1,282,000) | \$0 | (\$1,468,000) | \$0 | (\$1,542,000) | | |
| Cash Funds | | \$1,290,000 | | \$1,478,000 | | \$1,553,000 | | |
| Federal Funds | | | | | | | | |
| Other Funds | | (\$8,000) | | (\$10,000) | | (\$11,000) | | |
| Total Funds | \$14,490 | \$ 0 | \$0 | \$ 0 | \$0 | \$ 0 | | |

LB 175 creates the Department of Transportation Aeronautics Capital Improvement Fund (Fund), which the Department of Transportation will administer and use to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure at any public-use airport licensed by the Division of Aeronautics of the Department of Transportation.

For transactions occurring on or after July 1, 2021, LB 175 credits to the Fund all proceeds from the sales and use taxes imposed on the sale or lease of aircraft, as defined in Neb. Rev. Stat. § 3-101. In general, these proceeds are currently deposited in the General Fund.

LB 175 contains an emergency clause.

The estimated fiscal impact on the General Fund, State Highway Capital Improvement Fund, Highway Allocation Fund and Department of Transportation Aeronautics Capital Improvement Fund is presented in the table below.

| Fiscal Year | General Fund | State Highway Capital Improvement Fund | Highway Allocation Fund | DOT Aeronautics Capital Improvement Fund |
|-------------|---------------|---|----------------------------|--|
| 2021-2022 | (\$1,282,000) | (\$43,000) | (\$8,000) | \$1,333,000 |
| 2022-2023 | (\$1,468,000) | (\$59,000) | (\$10,000) | \$1,537,000 |
| 2023-2024 | (\$1,542,000) | (\$62,000) | (\$11,000) | \$1,615,000 |
| 2024-2025 | (\$1,619,000) | (\$66,000) | (\$12,000) | \$1,697,000 |

LB 175 will require a one-time programming charge of \$14,490 paid to the OCIO for mainframe and web development costs. It is estimated that there will be minimal costs to DOR to implement this bill.

| Major Objects of Expenditure | | | | | | | | | |
|------------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|--|--|
| Class Code | Classification Title | 21-22 <u>FTE</u> | 22-23 <u>FTE</u> | 23-24 <u>FTE</u> | 21-22 Expenditures | 22-23 Expenditures | 23-24 Expenditures | | |
| | | | | | | | | | |
| | | | | | | | | | |
| Benefits | | | | | | | | | |
| | | | | | \$14,490 | | | | |
| | | | | | | | | | |
| | | | | | \$14.490 | | | | |

FISCAL NOTE

LB⁽¹⁾ 175

| State Agency OR I | Nebraska Department of Transportation | | | | | | | | | |
|---|--|---|--|-----------------------------------|--|--|---|---|---|--------------------------------|
| Prepared by: (3) Jenessa Boynton | | Date | Date Prepared: (4) | | 2/11/2 | 021 | Phone: (5) | 402-479-4 | 691 | |
| | ES | STIMATE PRO | VIDED BY S | STAT | E AGENO | CY OR P | OLITICAL S | <u>UBDIVISI</u> | ON | |
| | | EXPENDITUE | FY 2021-22 RES | REV | <u>/ENUE</u> | <u> </u> | EXPENDITU | <u>FY 2029</u> RES | 2-23 <u>REVEN</u> | <u>UE</u> |
| GENERAL FUN | DS | | | | | | | | - | |
| CASH FUNDS | | See below | | See | ebelow | | See below | <u>/</u> | See be | low |
| FEDERAL FUNI | DS | | | | | _ | | | | |
| OTHER FUNDS | | | | | | | | | | |
| TOTAL FUNDS | | | | | | | | | | |
| LB 175 amends se Revenue shall cred Department of Trai revenue on sale or Allocation Fund to rehabilitate, restore | lit all the sansportation lease of ai the new fu | ales and use tax rand Aeronautics Cap rcraft as defined and the Theorem Inc. | evenue attribu bital Improvem from the state nent of Transp | table tent Fu Gene ortation | to the sale ound, which ral Fund, thom on (NDOT) | or lease of fund is cr ne State H shall adm | of aircraft as def reated in the bill Highway Capital ninister the new | ined in secti I. The bill red I Improveme I fund to buil | on 3-101 to the directs the sales ont Fund, and H d, repair, renov | e s tax lighway ⁄ate, |
| | | Reven | ue to Aeronaut | ics Cap | pital Improve | ement Fur | | ı | |] |
| | _ | | FY2021/22 | | FY2022/23 | | FY2023/2 | | FY2024/25 | _ |
| Aeronautics Capita | l Improvem | ent Fund | \$1,333,000 | | \$1,537,000 | | \$1,615,000 | | \$1,679,000 | |
| | | Reve | nue Reductions | to Bu | ild Nebraska | Act Funds | S | | | |
| | | | FY2021/2 | | FY202 | 2/23 | FY2023/2 | 4 | FY2024/25 | _ |
| Highway Capital Im | | | | ,000) | (\$59,000 | | | 2,000) | (\$66,000) | - |
| Highway Allocation | Fund (citie | s and counties) | (\$8,000) | | | (\$10,000) | | 1,000) | (\$12,000) | = |
| Total | | | (\$51, | ,000) | (; | \$69,000) | (\$/3 | 3,000) | (\$78,000) | J |
| This estimate of tax needed to administ Improvement Fund | ter the new | fund. Changes, and the Highwa | in the distribut y Allocation F | ion of und fo | sales tax re or cities and | evenue w I counties | ill divert funds f | rom the Stat | | |
| Personal Services | S: | | NHIMBER | OF D | OSITIONS | <u> </u> | 2021-22 | | 9099 9 | |
| POSIT | POSITION TITLE | | NUMBER OF POSITIONS 21-22 22-23 | | | EXPENDITU | 2022-23 EXPENDITURES | | | |
| | | | | - | | | | | | |
| Benefits | | ···· | | | | - - | | | | |
| Operating | | | | | | <u>-</u> | | | | |
| Travel | | | | | | - - | | | | |
| Capital outlay | | | | | | - | | | | |
| Aid | | | | | | _ | | | | |
| Capital improven | nents | | | | | ·- | | | | |
| TOTAL | | | | | | | | | | |