

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		5,400,000		7,200,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		5,400,000		7,200,000

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

Section 1, of LB 403, provides that the proceeds from any sale tax rate in excess of 5.5% derived from motor vehicles, trailers and semitrailers shall be distributed by the formula specified in the bill. This formula would distribute one-half of the proceeds to cities and one-half of the proceeds to counties on a per capita basis for road construction purposes. Since the current sales tax rate is not over 5.5% this provision would have no immediate fiscal impact.

Section 3 of the bill changes the current distribution of .5% of the sales tax on motor vehicles, trailers and semitrailers from the Highway Allocation Fund (distributed to cities and counties) to the Highway Trust Fund (distributed to Roads, cities and counties). This provision will increase revenue to the Department of Roads by an estimated \$5.4 million in FY2007-08 (October 1, 2007 operative date) and \$7.2 million in FY2008-09. The corresponding decrease in revenue to cities would be \$2.7 million in FY2007-08 and \$3.6 million in FY2008-09. And the corresponding decrease in revenue to counties would also be \$2.7 million in FY2007-08 and \$3.6 million in FY2008-09.

In regards to the additional revenue received by the Department of Roads, it is the Legislature's prerogative to have the additional revenue reduce the variable fuel tax by approximately .4¢ to .6¢, or keep the fuel tax at the same level and allow the Department to spend the additional revenue. This can be controlled by the A-bill.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	1/25/07	PHONE	471-2526
COMMENTS					
DEPARTMENT OF ROADS: The agency analysis appears reasonable.					