

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2009-10</b>		<b>FY 2010-11</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$13,400	(\$2,600,000)	\$0	(\$10,500,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$13,400</b>	<b>(\$2,600,000)</b>	<b>\$0</b>	<b>(\$10,500,000)</b>

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

LB 127 amends the Nebraska Revenue Act of 1967 by providing a sales and use tax exemption for college textbooks, and a sales and use tax holiday during the first weekend in August.

Commencing October 1, 2009, college textbooks purchased by full-time and part-time students enrolled at institutions of higher education would be exempt from the state and local option sales and use tax. To qualify for the exemption the student needs to present a valid student identification card. College textbooks are defined as new or used books and related workbooks required or recommended for a course at an institution of higher education.

LB 127 provides that state and local option sales and use tax shall not be imposed on the following items sold between 12:01 a.m. on the first Friday of August and 11:59 p.m. the following Sunday:

- o Clothing with a sales price of \$100 or less per item;
- o School supplies with a sales price of \$100 or less per item;
- o Computers with a sales price of \$1500 or less per item.

The bill also lists items not eligible for the exemption; requires retailer reporting of exempt sales; details layaway eligibility for the exemption; provides how discounted sales prices, rainchecks, delivery charges and returns are to be handled; and that the time zone of the seller determines the exemption period.

Without the emergency clause attached, the first sales tax holiday under the provisions of LB 127 would take place in August 2010.

The Department of Revenue estimates that LB 127 will have the following fiscal impact to revenue:

FY2009-10:	(\$ 2,600,000)
FY2010-11:	(\$10,500,000)
FY2011-12:	(\$11,200,000)
FY2012-13:	(\$12,000,000)

The Department of Revenue estimates there will be a one-time cost of \$13,400 to implement the bill.

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

**IMPACT TO LOCAL SUBDIVISIONS:**

The Department of Revenue estimates the impact to those political subdivisions that impose the local option sales tax to be approximately (\$1,500,000).

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	3/10/09	PHONE	471-2526
COMMENTS					
COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION: Concur. No fiscal impact on the commission. DEPARTMENT OF REVENUE: No basis upon which to disagree. UNIVERSITY OF NEBRASKA: The agency analysis appears reasonable.					