

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

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

LB 296 would amend Section 77-2704.43 by striking language referring to the non-imposition of sales tax on purchases made by another state or political subdivision of another state in Nebraska of industrial machinery and equipment, including parts for repairs; and inserting language to provide an exemption from sales and use tax on purchases of tangible personal property or services by another state or political subdivision of another state made in Nebraska, if that state provides a similar reciprocal exemption for Nebraska and political subdivisions of Nebraska.

The bill has an operative date of October 1, 2009.

In general, it is estimated that the bill would have a negative fiscal impact on the state General Fund. However, the Department of Revenue is unable to identify the true scope of the impact. For every \$1 million of exempt sales the General Fund would lose \$55,000 and the local political subdivisions which impose the local option sales tax would lose between \$10,000 and \$15,000. At a minimum the Department believes the General Fund would lose \$100,000. The effect on the lodging tax is unknown.

Examples of qualified purchasers include: (1) academic and governmental conferences, (2) state college and university athletic teams, and (3) school districts. Their purchases would affect both state and local sales tax and lodging tax.

The Department estimates the cost to implement LB 296 to be minimal.

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