Doug Gibbs January 31, 2012 402-471-0051

LB 1080

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

	ESTIMATE OF FIS	SCAL IMPACT – STAT	E AGENCIES *	
	FY 2012-13		FY 201	13-14
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$ 1,598,000)		(\$ 3,516,000)
CASH FUNDS		(\$ 65,000)		(\$ 142,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$1,663,000)		(\$ 3,658,000)

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

LB 1080 amends Nebraska Revised Statutes relating to revenue and taxation, to provide a personal property tax exemption and a sales and use tax exemption for persons operating a data center. The bill has an operative date of January 1, 2013.

The bill provides that any tangible personal property acquired by a person operating a data center that is assembled, engineered, processed, fabricated, manufactured into, attached to, or incorporated into other tangible personal property, both in component form or an assembled product for the purpose of subsequent use solely outside Nebraska by the person operating a data center is exempt from personal property tax and from sales and use taxes.

A data center is defined by the bill as a group of computers, supporting equipment, and other organized assembly of hardware or software in one or more interrelated physical locations that is designed to centralize the storage, management, or dissemination of data and information.

The Department of Revenue estimates the following fiscal impact as a result of LB 1080:

		State Highway	
Fiscal	General	Capital Improvement	
Year:	Funds:	Fund:	Total:
FY2012-13:	(\$ 1,598,000)	(\$ 65,000)	(\$ 1,663,000)
FY2013-14:	(\$ 3,516,000)	(\$ 142,000)	(\$ 3,658,000)
FY2014-15:	(\$ 3,867,000)	(\$ 157,000)	(\$ 4,024,000)

The Department indicates the cost to implement the provisions of LB 1080 to be minimal.

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

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue indicates the following fiscal impact to the Highway Allocation Fund:

FY2012-13: (\$ 11,000) FY2013-14: (\$ 25,000) FY2014-15: (\$ 28,000)

The Fiscal Analyst finds no basis to disagree with the Department's estimate of fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	2/1/12	PHONE 471-2526
COMMENTS			
DEDT OF DEVENUE. No hoois was	which to discount		
DEPT. OF REVENUE – No basis upon	which to disagree.		

JAN 3 0 2012 Fiscal Note

2012

		State Agency	Estimate LEGIS			
State Agency Name: Department of	of Revenue			ATIVE FISCAL	Date Due LFA:	01/30/2012
Approved by: Douglas Ewald		Date Prepared:	01/27/2012	SCAL	Phone: 471-5700	
	FY 2012	2-2013	FY 2013	3-2014	FY 20	114-2015
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		(\$1,598,000)	i	(\$3,516,000)	•	(\$3,867,000)
Cash Funds		(\$76,000)		(\$167,000)		(\$185,000)
Federal Funds						
Other Funds						
Total Funds		(\$1,674,000)		(\$3,683,000)		(\$4,052,000)

LB 1080 provides a sales and use, and personal property tax exemption for persons operating a data center in the State for the purchase of tangible personal property assembled, engineered, processed, fabricated, manufactured into, attached to, or incorporated into other tangible personal property, both in component form or that of an assembled product, for the purpose of subsequent use solely outside this state by the person operating a data center.

A data center is defined as a group of computers, supporting equipment, and other organized assembly of hardware or software in one or more interrelated physical locations that is designed to centralize the storage, management, or dissemination of data and information.

The operative date is January, 1 2013.

The estimated decrease for state sales and use tax collection is estimated as follows:

	-00	State Highway	Highway	
		Capital	Allocation	
	General Funds	Improvement Fund	Fund	
FY 2012-2013	\$ 1,598,000	\$ 65,000	\$ 11,000	
FY 2013-2014	\$ 3,516,000	\$ 142,000	\$ 25,000	
FY 2014-2015	\$ 3,867,000	\$ 157,000	\$ 28,000	

The cost for the Department to implement LB 1080 is expected to be minimal.

Major Objects of Expenditure							
Class Code	Classification Title	12-13 <u>FTE</u>	13-14 FTE	14-15 FTE	12-13 Expenditures	13-14 Expenditures	14-15 Expenditure
denefits.							
							-
anital Improvements							