

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$1,312,000)		(\$2,063,000)
CASH FUNDS		(\$46,000)		(\$83,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$1,358,000)		(\$2,146,000)

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

LB 278 amends the Nebraska Revenue Act of 1967, Sections 77-2704.14 and 77-2701.16 to provide a sales tax exemption for motor vehicle washing and cleaning services, including the use of coin-operated machines.

The bill has an operative date of October 1, 2015.

The Department of Revenue has estimated the following fiscal impact as a result of LB 278:

Fiscal Year:	General Fund:	State Highway Capital Improvement Fund:	Highway Allocation Fund:	Total:
2015-16:	(\$ 1,312,000)	(\$ 46,000)	(\$ 8,000)	(\$ 1,366,000)
2016-17:	(\$ 2,063,000)	(\$ 83,000)	(\$ 15,000)	(\$ 2,161,000)
2017-18:	(\$ 2,162,000)	(\$ 88,000)	(\$ 15,000)	(\$ 2,265,000)
2018-19:	(\$ 2,264,000)	(\$ 92,000)	(\$ 16,000)	(\$ 2,372,000)

The Department of Revenue indicates the cost to implement LB 278 to be minimal.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The estimated fiscal impact to the Highway Allocation Fund is as follows:

FY2015-16:	(\$ 8,000)
FY2016-17:	(\$ 15,000)
FY2017-18:	(\$ 15,000)
FY2018-19:	(\$ 16,000)

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 278	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/5/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department's analysis.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 278	AM:	AGENCY/POLT. SUB: Dept. of Roads
REVIEWED BY: Lyn Heaton	DATE: 2/4/2015	PHONE: 471-4181
COMMENTS: The Department's estimate for FY 2015-16 is likely overstated as it does not prorate the amount due to the exemption not being operative until October 1, 2015, which suggests the first year impact should be reduced to reflect about two-thirds of the fiscal year. Otherwise, the Department's annualized estimate for FY 2016-17 appears reasonable.		

Please complete ALL (5) blanks in the first three lines.

2015

LB 278

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Dept of Roads

Prepared by: ⁽³⁾ Becky Fleming

Date Prepared: ⁽⁴⁾ 1/29/15

Phone: ⁽⁵⁾ (402) 479 4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	<u>\$(74,375.00)</u>	_____	<u>\$(74,375.00)</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>\$(74,375.00)</u>	<u>_____</u>	<u>\$(74,375.00)</u>

Explanation of Estimate:

LB 278 exempts the gross receipts from the sales of motor vehicle washing and waxing services from sales and use tax. According to the Dept of Revenue, there is approximately \$35 million in annual taxable sales, resulting in about \$2 million in sales tax revenue.

On sales and use tax collected, 85% of 1/4 of 1% is remitted to the State Capital Improvement Fund and 15% of 1/4 of 1% is remitted to the Highway Allocation Fund. If this bill were to pass, this would result in a loss to the Dept of Roads of approximately \$74,375 (85%, calculated using information from Dept of Revenue above). Cities and counties would lose approximately \$13,125 (15%, calculated using information from Dept of Revenue above).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____