Doug Gibbs January 04, 2016 402-471-0051

LB 278

Revision: 01 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2016 Legislative Session and includes any amendments adopted to date.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	6-17	FY 2017-18				
	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.

Currently the bill has an operative date of October 1, 2015, for purposes of this fiscal note we assume this will be changed to October 1, 2016.

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:
2016-17:	(\$ 1,733,000)	(\$ 61,000)	(\$ 11,000)	(\$ 1,805,000)
2017-18:	(\$ 2,733,000)	(\$ 111,000)	(\$ 20,000)	(\$ 2,864,000)
2018-19:	(\$ 2,870,000)	(\$ 116,000)	(\$ 20,000)	(\$ 3,006,000)

We disagree with the Department of Revenue's estimate of fiscal impact and believe the fiscal impact of LB 278 will be as follows:

Fiscal Year:	General Fund:	State Highway Capital Improvement Fund:	Highway Allocation Fund:	Total:
2016-17:	(\$ 1,312,000)	(\$ 46,000)	(\$ 8,000)	(\$ 1,366,000)
2017-18:	(\$ 2,063,000)	(\$ 83,000)	(\$ 15,000)	(\$ 2,161,000)
2018-19:	(\$ 2,162,000)	(\$ 88,000)	(\$ 15,000)	(\$ 2,265,000)
2019-20:	(\$ 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 cost.

IMPACT TO POLITICAL SUBDIVISIONS:

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

FY2016-17:	(\$ 8,000)
FY2017-18:	(\$ 15,000)
FY2018-19:	(\$ 15,000)
FY2019-20:	(\$ 16,000)

Fiscal Note 2016

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFA: 12/2/20								
Approved by: Len Sloup		Date Prepared:	11/30/2015		Phone: 471-5896			
	FY 2016-2017		FY 2017-2018		FY 2018-2019			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		(\$1,733,000)		(\$2,733,000)		(\$2,870,000)		
Cash Funds		(\$61,000)		(\$111,000)		(\$116,000)		
Federal Funds								
Other Funds		(\$11,000)		(\$20,000)		(\$20,000)		
Total Funds		(\$1,805,000)		(\$2,864,000)		(\$3,006,000)		

LB 278 excludes motor vehicle washing and waxing from the definition of gross receipts and provides a sales and use tax exemption for the gross receipts from coin-operated machines used for cleaning or washing of motor vehicles.

The Department's costs to implement LB 278 are expected to be minimal.

Assuming the bill is amended to provide an operative date of October 1, 2016, LB 278 is expected to reduce revenue to the following funds by the amounts below:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Total
2016-17	\$1,733,000	\$61,000	\$11,000	\$1,805,000
2017-18	\$2,733,000	\$111,000	\$20,000	\$2,864,000
2018-19	\$2,870,000	\$116,000	\$20,000	\$3,006,000

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	16-17 <u>FTE</u>	17-18 <u>FTE</u>	18-19 <u>FTE</u>	16-17 <u>Expenditures</u>	17-18 <u>Expenditures</u>	18-19 <u>Expenditures</u>	
Benefits								
Operating Costs								
Travel								
Capital Outlay Aid								
Capital Improvements								
Total								