

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		(\$6,052,000)		(\$11,523,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$6,052,000)		(\$11,523,000)

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

LB 550 amends Nebraska Revised Statutes Sections 13-2814, 77-27,139.03, and 77-27,144.

Section 13-2814 is amended to strike the three percent administrative fee kept by the Department of Revenue from the collection of the local option sales tax and remitted to the Municipal Equalization Fund.

Section 77-27,139.03 is amended to provide that if the amount of money in the Municipal Equalization Fund (MEF) is less than the amount of state aid necessary for full allocation according to the MEF formula, the fund shall be supplemented from the General Fund in an amount equal to three percent of the local option sales and use tax collected by the Tax Commissioner from a municipal county and incorporated municipalities. If the amount in the fund is still less than the total amount required, the money in the fund shall be allocated on a prorated basis.

At this time, each municipality receives aid calculated as follows: a) the product of the average per capita property tax of the appropriate population group multiplied by the current population of the municipality minus b) the product of the average property tax levy multiplied by the certified valuation within the incorporated municipality, except a municipality will not receive aid if the calculation results in a negative number.

Section 77-27,144 is amended to strike the language that refers to the three percent of funds sent by the Tax Commissioner from the monthly remittance of local option sales and use taxes to those municipalities levying the tax to the Municipal Equalization Fund.

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

With an effective date of October 1, 2015, the three percent administrative fee would be applied to the first two payments for FY2015-16. The third payment, due March 31, 2016, will not be paid until a shortfall is determined in June 2016. In subsequent years, the first three payments will not be paid until the shortfall is determined in June and paid on June 30.

The Department of Revenue estimates the following fiscal impact to the General Fund:

FY2015-16:	(\$ 6,052,000)
FY2016-17:	(\$ 11,523,000)
FY2017-18:	(\$ 12,116,000)
FY2018-19:	(\$ 12,723,000)

The Department indicates no cost to implement the provisions of LB 550.

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

IMPACT TO POLITICAL SUBDIVISIONS:

Those municipalities with a local option sales tax would see a 3% increase in receipts because the Department of Revenue would no longer subtract a collection fee.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 550	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 3/11/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department of Revenue analysis.			

