

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$1,410,264		\$3,513,932
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$1,410,264		\$3,513,932

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

LB 440 increases the tax imposed on a gallon of aviation jet fuel that is purchased and used in aircraft within the State of Nebraska from three (3) to 10 cents per gallon. The proceeds from this tax are credited to the Aeronautics Cash Fund and expended solely within the Department of Transportation - Division of Aeronautics.

The fiscal impact that would result from the passage of the bill relates to revenue. In order to determine the impact on revenues, information available from the Department of Revenue for the past five (5) fiscal years (FY14-FY18), which provided the specific number of taxable gallons of aviation jet fuel that were sold each month, was used to calculate an annual average percentage change in revenue and an average annual revenue base amount.

This base had the average annual percentage change (+3.82%) applied to arrive at a total anticipated revenue increase of **\$3,471,548** for FY20. For FY21, the FY20 total had the same average percentage change applied to arrive at a total anticipated revenue increase of **\$3,604,161**.

Adjustments to FY20 estimate

- The operative date of the bill is January 1, 2020 and there is a one (1) month lag in the tax receipts being available in the Aeronautics Cash Fund. The total was adjusted to account for five (5) months of receipts.
- Pursuant to NRS 66-486 a commission is deducted from the taxes collected. Five (5) percent on the first \$5,000 and two and one-half (2.5) percent upon all amounts above \$5,000 remitted each reporting period (calendar month).

The final FY estimated revenues are:

Fiscal Year	Revenue
FY20	\$1,410,264
FY21	\$3,513,932

Department of Revenue

The Department of revenue has indicated (see attached) that there will be minimal costs to implement the bill. Additionally, annual revenue increase totals are provided:

Fiscal Year	Revenue
FY20	\$1,623,000
FY21	\$4,050,000
FY22	\$4,212,000
FY23	\$4,380,000

No rationale which describes how the figures were arrived at is present allowing an explanation of the differences in revenue estimates to be provided.

Department of Transportation – Division of Aeronautics

The Department of Transportation has provided revenue estimates (see attached) based on the number of gallons of jet fuel sold in FY18, accounted for reduction due to the commission for those who collect the tax and a one month lag in the tax receipts being available in the Aeronautics Cash Fund. The estimated revenue increases are:

Fiscal Year	Revenue
FY20	\$1,514,108
FY21	\$3,633,859

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 440 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Lee Will DATE: 3/25/2019 PHONE: (402) 471-4175

COMMENTS: The Department of Revenue's assessment of fiscal impact seems reasonable given the assumptions used.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 440 AM: AGENCY/POLT. SUB: Department of Transportation

REVIEWED BY: Lee Will DATE: 3/25/2019 PHONE: (402) 471-4175

COMMENTS: Concur with the Department of Transportation's assessment of fiscal impact.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 3/22/19			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared: 3/13/19					
<u>FY 2019-2020</u>		<u>FY 2020-2021</u>		<u>FY 2021-2022</u>	
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds					
Cash Funds	\$1,623,000		\$4,050,000		\$4,212,000
Federal Funds					
Other Funds					
Total Funds	\$1,623,000		\$4,050,000		\$4,212,000

LB 440 would increase the tax imposed on aviation jet fuel from \$0.03 per gallon to \$0.10 per gallon.

The estimated impact of the increase to the Aircraft Fuel Tax Fund is expected to be as follows:

Fiscal Year	Aircraft Fuel Tax Fund
FY 2019-2020	\$1,623,000
FY 2020-2021	\$4,050,000
FY 2021-2022	\$4,212,000
FY 2022-2023	\$4,380,000

It is estimated that there will be minimal costs to the Department to implement this bill.

This bill becomes operative January 1, 2020.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....						

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

2019

LB⁽¹⁾ 440

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation

Prepared by: ⁽³⁾ Andre Aman/Becky Fleming Date Prepared: ⁽⁴⁾ 3/19/2019 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	\$1,514,108 *	_____	\$3,633,859
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	\$1,514,108 *	=====	\$3,633,859

Explanation of Estimate:

LB 440 increases a tax on aviation jet fuel. This bill raises the aviation jet fuel tax from the current tax of three cents per gallon to ten cents per gallon. The increase in tax would result in an estimated increase in revenue of \$1,514,108 for FY19-20 and \$3,633,859 for FY20-21.

Total gallons of aviation fuel sold FY18-19	53,243,353 gallons
Increase in aviation fuel tax	7¢
Total new tax collected	\$3,727,034.87
Less approximate commission of those who collect the tax	(93,175.87)
Total increase in Revenue to Aeronautics	\$3,633,858.84

*If passed, the bill would be effective January 1, 2020 leaving 5 months of revenue received in FY19-20.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____