

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		\$16,000		\$39,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$16,000		\$39,000

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

LB 472 adopts the Qualified Judgment Payment Act.

The act applies any county that has a qualified judgment rendered against it. A “qualified judgment” is a judgment rendered against a county by a federal court for a violation of federal law. Any such county can, upon adoption of a resolution by a 2/3 vote of the county board, impose a sales and use tax of one-half of one percent on all transactions to pay the qualified judgment.

The Tax Commissioner administers the tax imposed under the act and can adopt and promulgate rules and regulations. The county must furnish a certified copy of the adopted resolution, and the tax begins on the first day of the first calendar quarter beginning at least 60 days after receipt of the resolution. The Tax Commissioner must provide at least 30 days’ notice to retailers within the county. The tax terminates on the first day of the first calendar quarter after the judgment has been paid in full. The county must notify the Tax Commissioner of the anticipated termination date 120 days in advance, and the Tax Commissioner must provide at least 60 days’ notice to retailers within the county.

The Tax Commissioner must collect the tax imposed concurrently with state sales and use tax and remit monthly payments to the county, after deducting refunds made and 3% of the remainder as an administrative fee for deposit in the General Fund.

LB 472 prohibits a tax under the act if the county is imposing a tax to finance public safety services or to provide the county share of funds under an agreement pursuant to the Interlocal Cooperation Act or Joint Public Agency Act.

Revenue:

The Department of Revenue estimates the bill’s provisions would currently apply to one county, and the tax increase could be adopted by the county board with an effective date of January 1, 2020. As such, the fiscal impact would be as follows:

Fiscal Year	Gage County Total Net Taxable Sales (Includes Motor Vehicles)	0.5% Tax Increase Net Administration Fee (To County)	3% Administration Fee (General Fund)
2019-20	\$108,539,000	\$526,000	\$16,000
2020-21	\$266,355,000	\$1,292,000	\$39,000
2021-22	\$272,348,000	\$1,321,000	\$40,000
2022-23	\$278,476,000	\$1,351,000	\$41,000

Expenditures:

The department estimates minimal cost to implement the bill.

These estimates seem reasonable based on the data available.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 3/8/19				
Approved by: Tony Fulton		Phone: 471-5896				
Date Prepared: 3/8/19						
	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	Minimal	\$16,000	Minimal	\$39,000	Minimal	\$40,000
Cash Funds						
Federal Funds						
Other Funds		\$526,000		\$1,292,000		\$1,321,000
Total Funds	Minimal	\$542,000	Minimal	\$1,331,000	Minimal	\$1,361,000

LB 472 establishes four new statutory sections as the Qualified Judgment Payment Act and defines qualified judgment as a judgment rendered against a county by a federal court for a violation of federal law.

The bill allows a county with a qualified judgment rendered against it to impose a sales and use tax of one-half of one percent on transaction subject to state sales and use tax that are sourced within the county. The county may impose the tax by adopting a resolution by at least two-thirds vote of the county board. This sales and use tax shall be used to pay the qualified judgment. The county must furnish a certified copy of the resolution to the Tax Commissioner. The tax begins on the first day of the first calendar quarter which begins at least 60 days after the Tax Commissioner receives a certified copy of the resolution, and terminates on the first day of the first calendar quarter which begins after the qualified judgment is paid in full. The county must notify the Tax Commissioner of the anticipated termination date at least 120 days in advance.

The tax will be collected by the Tax Commissioner concurrently with the state sales and use tax. The Department of Revenue will remit the proceeds of the tax to the county monthly after deducting refunds made and 3% of the remainder as an administration fee. The administration fee is deposited in the state General Fund. Taxpayers have the same state sales and use tax remedies for claims of illegal assessment and collection.

The bill prohibits a sales and use tax under the Qualified Judgment Payment Act if the county is already imposing a tax to finance public safety services or fund under Interlocal Cooperation Acts or Joint Public Agency Act agreements.

The Department assumes the Gage County Board would adopt the ½ cent sales tax increase effective January 1, 2020. It is estimated that LB 472 will require minimal costs to implement. The following schedule shows the Departments estimated fiscal impact:

Fiscal Year	Gage County Total Net Taxable Sales (Includes Motor Vehicles)	0.5% Tax Increase Net Administration Fee	3% Administration Fee
2019-20	\$108,539,000	\$526,000	\$16,000
2020-21	\$266,355,000	\$1,292,000	\$39,000
2021-22	\$272,348,000	\$1,321,000	\$40,000
2022-23	\$278,476,000	\$1,351,000	\$41,000

Major Objects of Expenditure

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