

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	(\$1,282,000)		(\$1,468,000)
CASH FUNDS		SHCIF – (\$43,000) AICF - \$1,333,000		SHCIF – (\$59,000) AICF – \$1,537,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below		See Below

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

LB175 amends 77-27,132 to provide that transactions occurring on or after July 1, 2021 for an amount equal to the total amount of sales and use taxes imposed on the sale or lease of aircraft are credited to a newly created Department of Transportation Aeronautics Capital Improvement Fund (ACIF). The uses of the newly created fund include providing funding to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure at any public-use airport licensed by the Division of Aeronautics in the Department of Transportation (NDOT).

The Department of Revenue (DOR) has indicated that based on registration data from the Federal Aviation Administration which is utilized to contact aircraft owners and lessors to confirm that all applicable sale and used taxes are paid, an average of sales and use tax receipts over the past seven (7) years was used to arrive at an annual estimate of applicable sales and use taxes received that was adjusted in future years based on past history and current economic forecasts.

Based on the estimates provided by the DOR (see attached), there would be a fiscal impact in the form of a revenue decrease to the General Fund, State Highway Capital Improvement Fund (SHCIF- NDOT), and Highway Allocation Fund (HAF – Cities and Counties). Under current statute, one quarter (1/4) of one percent (1%) of the sales and use taxes collected* are set aside to be remitted to the SHCIF (85% of total) and HAF (15% of total). The remaining revenue is remitted to the General Fund.

The fiscal note (see attached) provided by the DOR provides the following revenue decrease estimates (of which there is no basis to disagree):

Estimated Revenue Reduction	FY22	FY23	FY24	FY25
General Fund	\$1,282,000	\$1,468,000	\$1,542,000	\$1,619,000
SHCIF - NDOT	\$43,000	\$59,000	\$62,000	\$66,000
HAF - Cities & Counties	\$8,000	\$10,000	\$11,000	\$12,000

The DOR has estimated the newly created NDOT Aeronautics Capital Improvement Fund will receive annual revenue in the following amounts:

Estimated Aeronautics Capital Improvement Fund Revenue			
FY22	FY23	FY24	FY25
\$1,333,000	\$1,537,000	\$1,615,000	\$1,697,000

The operative date of the bill is July 1, 2021 and there is a one (1) month lag in the tax receipts being available, as such the FY22 estimates reflect 11 months revenue.

(continued)

The DOR has indicated one-time programming costs associated with the change are estimated to be \$14,490 in General Funds. If it is assumed this amount cannot be absorbed within the agencies existing budgeted allotment of 2.3 million in FY22 for OCIO charges, there is no basis to disagree with the estimate.

The NDOT has provided a fiscal note (see attached) which mirrors the information delineated above and indicates no additional expenses will be incurred to administer the new fund. A basis to disagree with their assessment is absent.

*Not including those sales and use tax proceeds for personal watercraft motorboats, all-terrain vehicles, utility-type vehicles, motor vehicles, trailers, and semitrailers.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 175	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will		DATE: 02/17/2021	PHONE: (402) 471-4175
COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact related to the credit of sale and lease of aircrafts to the Aeronautics Capital Improvement Fund.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 175	AM:	AGENCY/POLT. SUB: Department of Transportation	
REVIEWED BY: Lee Will		DATE: 02/17/2021	PHONE: (402) 471-4175
COMMENTS: No basis to disagree with the Department of Transportation's assessment of increased revenue related to the sale or lease of aircrafts credited to the Aeronautics Capital Improvement Fund.			

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2021

LB⁽¹⁾ 175

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 2/11/2021 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB 175 amends section 77-27,132 to provide, effective with transactions occurring on or after July 1, 2021, that the Department of Revenue shall credit all the sales and use tax revenue attributable to the sale or lease of aircraft as defined in section 3-101 to the Department of Transportation Aeronautics Capital Improvement Fund, which fund is created in the bill. The bill redirects the sales tax revenue on sale or lease of aircraft as defined from the state General Fund, the State Highway Capital Improvement Fund, and Highway Allocation Fund to the new fund. The Department of Transportation (NDOT) shall administer the new fund to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure under the authority and administration of the Division of Aeronautics of NDOT.

Revenue to Aeronautics Capital Improvement Fund				
	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Aeronautics Capital Improvement Fund	\$1,333,000	\$1,537,000	\$1,615,000	\$1,679,000

Revenue Reductions to Build Nebraska Act Funds				
	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Highway Capital Improvement Fund	(\$43,000)	(\$59,000)	(\$62,000)	(\$66,000)
Highway Allocation Fund (cities and counties)	(\$8,000)	(\$10,000)	(\$11,000)	(\$12,000)
Total	(\$51,000)	(\$69,000)	(\$73,000)	(\$78,000)

This estimate of tax revenue was obtained from the Nebraska Department of Revenue. No additional expense or employees (FTEs) will be needed to administer the new fund. Changes in the distribution of sales tax revenue will divert funds from the State Highway Capital Improvement Fund for NDOT, and the Highway Allocation Fund for cities and counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2021-22	2022-23
	21-22	22-23	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				