John Wiemer February 12, 2024 402-471-0051

LB 1295

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	4-25	FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUNDS							
CASH FUNDS	\$85,000		\$65,000				
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$85,000	See Below	\$65,000	See Below			

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

LB 1295 would establish the Financial Institution Data Match Act. The Department of Revenue (DOR) would operate a data match system with each financial institution doing business in the State of Nebraska.

Under the system, a financial institution would receive from the DOR a listing of tax debtors to be used in matches within the financial institution's system. The financial institution would receive the listing within 30 days after the end of each calendar quarter subsequent to the effective date of the bill. Within 30 days after receiving the listing, the financial institution would match the listing to its records of accounts held in one or more person's names which are open accounts or accounts that were closed within the preceding calendar quarter. The financial institution would provide the DOR with a match listing of all matches made within five working days of the match. The financial institution would submit all match listings by an electronic medium approved by the DOR. The DOR could enter into agreements with financial institutions doing business in the state to operate the data match system. A financial institution could charge a reasonable fee, not to exceed actual cost, to be paid by the DOR for the service of reporting matches. The DOR could contract with one or more vendors to develop the data match system and perform the matches.

Within 15 days after the end of FY 24-25 and each fiscal year after, the Tax Commissioner would determine and certify to the State Treasurer the following amounts:

a) The total amount of any fees for services or reimbursements paid by the DOR or other costs incurred by the DOR during the previous fiscal year due to the contracts entered into; and

b) The total amount of taxes, penalties, and interest collected during the previous fiscal year as a result of contracts entered into After receiving the certification, the State Treasurer would transfer the lesser of, from the General Fund to the DOR Enforcement Fund:

- The amount certified in part a above; or
- 2% of the amount certified under part b above

The Tax Commissioner would submit electronically an annual report to the Revenue Committee of the Legislature and the Appropriations Committee of the Legislature on the amount of taxes, penalties, and interest collected during the most recently completed fiscal year as a result of contracts entered into.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

The DOR estimates that the bill would have a positive but small and indeterminant impact on General Fund revenues. The DOR also estimates the costs at \$85,000 for FY25 and \$65,000 each fiscal year after out of the DOR Enforcement Fund for contract costs. Money to help cover some or all these costs would be transferred from the General Fund to the DOR Enforcement Fund via the lesser of the contract costs or the 2% amount. There is no basis to disagree with this estimate.

The State Treasurer's Office estimates no fiscal impact to the office from the bill. There is no basis to disagree with this estimate.

The Department of Banking and Finance estimates no fiscal impact to it from the bill. There is no basis to disagree with this estimate.

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

LB: 1295	AM:	AGENCY/POLT. SUB: Dep	AGENCY/POLT. SUB: Department of Revenue				
REVIEWED BY	: Ryan Walton	DATE: 2/9/2024	PHONE: (402) 471-4174				

COMMENTS: The Department of Revenue's assessment of fiscal impact from LB 1295 appears reasonable.

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

LB: 1295 AM: AGENCY/POLT. SUB: State Treasurer

REVIEWED BY: Ryan Walton DATE: 1/23/2024

PHONE: (402) 471-4174

COMMENTS: The State Treasurer's assessment of no fiscal impact from LB 1295 appears reasonable.

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

AGENCY/POLT. SUB: Department of Banking and Finance

LB: 1295 AM:

REVIEWED BY: Ryan Walton

DATE: 1/30/2024

PHONE: (402) 471-4174

COMMENTS: The Department of Banking and Finance's assessment of no fiscal impact from LB 1295 appears reasonable.

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 1	295				FISCAL NOTE			
State Agency OR Political Subdivision Name: ⁽²⁾			Department of Bar	Department of Banking and Finance				
Prepared b	y: (3)	Vichael Fabry	Date Prepared: ⁽⁴⁾	01/24/2024 P	⁽⁵⁾ 402-471-3223			
		ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL S	UBDIVISION			
GENERAL	L FUNDS	EXPENDITURES	2024-25 <u>REVENUE</u>	EXPENDITURE	FY 2025-26 CS <u>REVENUE</u>			
CASH FUN	NDS			· · · · · · · · · · · · · · · · · · ·				
FEDERAL OTHER FI TOTAL FI	UNDS							
Explanatio	n of Esti	mate:						

No fiscal impact

BREAKI	DOWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
	NUMBER OF	F POSITIONS	2024-25	2025-26
POSITION TITLE	<u>24-25</u>	<u>25-26</u>	EXPENDITURES	EXPENDITURES
	· · · · · · · · · · · · · · · · · · ·			
	· · ·			
Benefits				
Operating				
Travel	•••			
Capital outlay				
Aid				
Capital improvements				
• •				
TOTAL				

Fiscal Note 2024

State Agency Estimate							
Revenue				Date Due LFO:			
	Date Prepared:	02/12/2024		Phone: 471-5896			
<u>FY 2024</u>	-2025	FY 2025	5-2026	<u>FY 2026</u>	-2027		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
	See below		See below		See below		
\$85,000	See below	\$65,000	See below	\$65,000	See below		
\$85,000	See below	\$65,000	See below	\$65,000	See below		
	<u>FY 2024</u> Expenditures \$85,000	Revenue Date Prepared: FY 2024-2025 Expenditures Revenue See below \$85,000 See below	Date Prepared: 02/12/2024 FY 2024-2025 FY 2025 Expenditures Revenue Expenditures See below \$65,000 \$65,000	Revenue Date Prepared: 02/12/2024 FY 2024-2025 Expenditures Revenue See below See below \$85,000 See below \$85,000 See below	Revenue Date Due LFO: Date Prepared: 02/12/2024 FY 2024-2025 FY 2025-2026 Expenditures Revenue See below See below \$85,000 See below \$85,000 See below \$65,000 See below		

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LB 1295 adopts the Financial Institution Data Match Act (Act). The Act authorizes the Department of Revenue (DOR) to operate a financial institution data match system for the collection of any delinquent tax, fee, or other type of repayment under any program administered by the Tax Commissioner.

Within 30 days after the end of each calendar quarter, a financial institution will receive a list of tax debtors (name, social security number or federal employer identification number) from DOR. The financial institution will compare the list to its records of accounts held in one or more person's names which are open accounts or accounts that were closed within the preceding calendar quarter. Any matches will be provided to DOR within 5 working days of the match.

The financial institution will also provide the names and addresses of all other owners of accounts in the match listing as reflected on a signature card or other similar document on file with the financial institution.

LB 1295 contains languages re: maintaining the confidentiality of DOR's listing as well as the match listing.

DOR is authorized to contract with one or more vendors to develop the data match system and perform the match.

Beginning with fiscal year 2024-25, within 15 days after the end of the fiscal year DOR will determine and certify to the State Treasurer:

- 1) The total amount of any fees for services or reimbursements paid by DOR or other costs incurred by DOR during the previous fiscal year due to the data match system contracts, and
- 2) The total amount of taxes, penalties, and interest collected during the previous fiscal year as a result of data match system contracts.

After receiving the certification, the State Treasurer will transfer the lesser of:

- 1) The total amount of any fees for services or reimbursements paid by DOR or other costs incurred by DOR during the previous fiscal year due to the data match system contracts, or
- 2) Two percent (2%) of the total amount of taxes, penalties, and interest collected during the previous fiscal year as a result of data match system contracts.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	
Benefits								
Operating Costs					\$85,000	\$65,000	\$65,000	
					\$85,000	\$65,000	\$65,000	

DOR must submit an annual report to the Revenue Committee of the Legislature and the Appropriations Committee of the Legislature on the amount of taxes, penalties, and interest collected during the fiscal year as a result of any contracts entered into pursuant to the Act.

DOR has the authority to adopt rules and regulations to carry out the Act.

It is estimated that LB 1295 will have a small and indeterminable positive impact to the General Fund revenues.

It is estimated that there will be a cost of \$85,000 during the first year and \$65,000 for each year after for the contract to implement LB 1295. Money to help cover those costs would be transferred to DOR from the lesser of contract cost or the two percent, as discussed above.

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 1295					FISCAL NOTE
State Agency OR Political S	bubdivision Name: (2)	State Treasurer			
Prepared by: ⁽³⁾ Jason	Walters	Date Prepared: ⁽⁴⁾	Jan. 22, 2024	Phone: ⁽⁵⁾	402-471-2793
]	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICA	<u>L SUBDIVIS</u>	ION
	<u>FY 2</u> EXPENDITURES	2024-25 <u>REVENUE</u>	EXPENDIT	<u>FY 2025-</u> URES	- <u>26</u> <u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS			<u> </u>		
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estimate:					

The State Treasurer's Office doesn't expect any fiscal impact from LB 1295 to the office.

DOWN BY MA.	IOR OBJECTS O	<u>F EXPENDITURE</u>	
NUMBER OF	F POSITIONS	2024-25	2025-26
<u>24-25</u>	25-26	EXPENDITURES	EXPENDITURES
	NUMBER OF 24-25	NUMBER OF POSITIONS 24-25 25-26	24-25 25-26 EXPENDITURES