

Revised per updated Dept. of Revenue response

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$263,796		\$454,700	\$131,906,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$263,796		\$454,700	\$131,906,000

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

This fiscal note has been updated to reflect the Department of Revenue’s (DOR) new estimate of expenditures based on further review of responsibilities for the DOR under the bill. The responsibilities for the DOR are greater than initially estimated.

LB 19 would impose an excise tax upon the seller for any delivery sale of personal property to a purchaser in Nebraska.

Delivery sales of the following would be exempt from the excise tax:

- Any personal property that is exempt from sales and use taxes; and
- Any personal property that is picked up by the purchaser at a retail location in Nebraska.

The excise tax would be equal to 2% of the purchase price and would be in addition to all other taxes. The excise tax would be due and payable to the DOR monthly on or before the 20th day of the month next succeeding each monthly period, and the seller would send with the tax payment a record of sale for every delivery sale for which the seller is paying excise tax.

The excise tax would be enforced by the DOR.

This excise tax collected by the DOR would be credited to the General Fund.

The DOR could adopt and promulgate rules and regulations to carry out this bill.

The bill would become operative on July 1, 2025.

The DOR estimates the following increases to General Fund revenues as a result of the bill.

- FY26: \$131,906,000
- FY27: \$148,214,000

The DOR estimates a one-time programming charge to be paid to the Office of the Chief Information Officer (OCIO) in the amount of \$263,796 and the need to hire 1 FTE Fiscal Compliance Analyst, 3 FTE Revenue Operations Clerk II, and 3.5 FTE Revenue Agent to implement the bill.

There is no basis to disagree with these estimates by the DOR.

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 08/01/2024		Phone: 471-5896	
	FY 2024-2025		FY 2025-2026		FY 2026-2027		
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	\$263,796		\$454,700	\$131,906,000	\$414,700	\$148,214,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$263,796		\$454,700	\$131,906,000	\$414,700	\$148,214,000	

The revision is to reflect the change in FTE for the Department of Revenue to implement LB 19.

LB 19 imposes an excise tax on the seller for any delivery sale of personal property to a person in Nebraska. This tax equals 2% of the purchase price and is in addition to all other taxes. Exemptions apply to delivery sales of any personal property exempt from sales and use tax and any personal property picked up by the purchaser at a retail location in Nebraska.

Delivery sale means to sell, give, or furnish personal property by (a) mail or delivery service; (b) using the Internet or a computer network; (c) by telephone; or (d) using any other electronic means.

The tax is due and payable to the Department of Revenue (DOR) monthly on or before the 20th of the month next succeeding each monthly period, and the seller must send with the tax payment a record of sale for every delivery sale for which the seller is paying excise tax. The excise tax is enforced by DOR, and DOR may adopt and promulgate rules and regulations to carry out LB 19.

It is estimated that this bill will have the following impacts on General Fund revenues:

Fiscal Year	General Fund Revenues
FY 2024-25	-
FY 2025-26	\$131,906,000
FY 2026-27	\$148,214,000

LB 19 will require a one-time programming charge of \$263,796 paid to OCIO to make changes to Nebfile for Business-Sales and Use Tax. The Department will need to hire 1.0 FTE Fiscal Compliance Analyst, 3.0 FTE Revenue Op Clerk II and 3.5 FTE Revenue Agent to implement this bill.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>24-25 FTE</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>24-25 Expenditures</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>
A21211	Fiscal Compliance Analyst		1.0	1.0		\$47,200	\$47,200
S29112	Revenue Op Clerk II		3.0	3.0		\$113,300	\$113,300
X29222	Revenue Agent		3.5	3.5		\$151,300	\$151,300
	Benefits.....					\$102,900	\$102,900
	Operating Costs.....				\$263,796		
	Travel.....						
	Capital Outlay.....					\$40,000	
	Capital Improvements.....						
	Total.....				\$263,796	\$454,700	\$414,700