Sandy Sostad February 16, 2012 471-0054

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *							
	FY 2012	-13	FY 2013	-14			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$49,930						
CASH FUNDS		\$8,100,000	\$8,100,000	\$10,948,000			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$49,930	\$8,100,000	\$8,100,000	\$10,948,000			

<sup>\*</sup>Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 753 provides for a sales and use tax on the sale of soft drinks. The bill requires the Department of Revenue to calculate the amount of sales and use taxes collected from sales of soft drinks during the preceding fiscal year, minus the amount of sales taxes that are credited to the State Highway Capital Improvement Fund or the Highway Allocation Fund pursuant to current law. The calculation shall initially be made, on or before August 1, 2013 and each August 1st thereafter. Not later than September 1<sup>st</sup> of each year, deposits are to be made into two new funds established by the bill with 90% percent of the sales taxes allocated to a State Department of Education Obesity Prevention Fund and 10% to a Department of Health and Human Services Obesity Prevention Fund. The act is operative on October 1, 2012.

The sales tax on soft drinks commences on October, 1, 2012. The Department of Revenue estimates the tax will generate \$8.1 million in FY2012-13; \$10,948,000 in FY2013-14 and \$11,103,000 in FY2014-15. Revenue proceeds will be allocated to entities shown in the following tables for the purposes designated in the bill with expenditures from the proceeds beginning in FY2013-14.

<u>Department of Revenue</u>: The department estimates \$49,930 of one-time general fund expenditures in FY2012-13 to implement the bill. Expenditures include mainframe programming costs to add lines to the sales and use tax return form.

State Department of Education (NDE): The State Department of Education Obesity Prevention Fund receives 90% of the sales tax on soft drinks. The bill provides for the first \$100,000 to be used to establish and maintain a statewide data base to monitor student obesity and fitness. The remaining funds are distributed to school districts to assess student health, weight and fitness, to increase physical education and student physical activity, to improve school meal programs, to coordinate school health programs, to support school district wellness coordinators and to provide other programs to prevent obesity and improve fitness.

Twenty percent of the aid allocation to schools is distributed in an equal amount to each school district and 80% of the aid is distributed proportionally based upon average daily membership. It is assumed NDE can establish and maintain the statewide data base with the \$100,000 of funds allocated by the bill in the initial years, however, an increase in appropriation may be needed in the future at some point. The impact of the bill for NDE is as follows:

		State Dept. of Ed.	
		Obesity Prevention	
		Fund	
]	Est. CF Revenue	Est. Cash Fund	Est. Aid Expend.
		Admin. Expend.	to School Districts
FY2012-13	7,290,000		
FY 2013-14	9,405,000	100,000	7,190,000
FY2014-15	9,538,000	100,000	9,305,000

Department of Health and Human Services (HHS): The Department of Health and Human Services Obesity Prevention Fund receives 10% of the sales tax on soft drinks. The funds are to be allocated as aid to local public health departments for programs improving and promoting good health habits, healthy eating, and physical activity for children in child care settings. The bill does not provide any funding for HHS to administer the funds. The agency indicates the need for a .5 FTE to administer and monitor the funds. This fiscal note assumes existing staff and resources of HHS can handle the responsibility. The impact of the bill for HHS is as follows:

		Dept. of Health &	
		Obesity Prevention	
		Fund	
		Est. Cash Fund	Est. Aid Expend.
			to Public Health
	Est. CF Revenue	Admin. Expend.	Departments
FY2012-13	810,000	0	
FY 2013-14	1,045,000	0	810,000
FY2014-15	1,060,000	0	1,045,000

State Highway Capital Improvement Fund and Highway Allocation Fund: Existing law provides for an allocation of sales and use taxes on transactions occurring on or after July 1, 2013 to these funds. The new sales and use tax on soft drinks generates revenue for the funds as follows beginning in FY2013-14:

	State Highway		
	Capital		
	Improvement		
İ	Fund		
	Est. CF Revenue		
FY2012-13	0		
FY 2013-14	423,000		
FY2014-15	429,000		

	Highway Allocation		
	Fund		
	Est. CF Revenue		
FY2012-13	0		
FY 2013-14	75,000		
FY2014-15	76000		

#### DEPARTMENT OF ADMINISTRATIVE SERVICES

	REVIEWED BY	Lyn Heaton	DATE 2/21/12	PHONE 471-2526
COMMENTS				

NEBRASKA DEPARTMENT OF EDUCATION: It is questionable as to whether the department would require additional appropriation to distribute the funding as no responsibilities for providing training and technical assistance are specified in the bill. Impact would be cash funds, not general funds.

DEPARTMENT OF HEALTH AND HUMAN SERVICES: It is questionable as to whether the department would require additional appropriation for staffing to distribute the funding to public health departments as a process for distribution of aid already exists and this new aid would not be distributed on a competitive basis.

DEPARTMENT OF REVENUE: The agency analysis appears reasonable.

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

LB<sup>(1)</sup> 753 FISCAL NOTE

Nebraska	Department	of	Education
Noblasika	Department	$\mathbf{o}$	Laacation

State Agency OR Politica	I Subdivision Name: (2)			<u> </u>	
Prepared by: (3)Jula	ne Hill	Date Prepared: (4)	1/11/12	Phone: (5)	402-471-4352
	ESTIMATE PROVIDEI	D BY STATE AGEN	CY OR POLITICAL	SUBDIVISI	ON
	FY 2012-	-2013		FY 2013-2	014
	<b>EXPENDITURES</b>	REVENUE	<b>EXPENDITUR</b>	ES	REVENUE
GENERAL FUNDS	\$112,703	\$10 Million	\$114,740		\$10 Million
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:** 

**TOTAL FUNDS** 

For NDE to provide guidance for the expenditure of funds, provide training and technical assistance to schools for implementation, oversee implementation, provide evaluation and accountability of programs and funds, and to create and maintain a statewide data base NDE would need a minimum of one full time position and one part time administrative assistant. The Nebraska Health Care Funding Act would generate approximately \$10 million/year. \$112,703 and \$114,740 is inclusive of wages, personal services, and operating expenses for a 1 FTE (Education Specialist III) and a .5 FTE (Administrative Assistant IV) to implement LB753 through 2014.

	MAJOR OBJEC	TS OF EXPENI	DITURE	
Personal Services:				
	NUMBER OF	POSITIONS	2012-2013	2013-2014
POSITION TITLE	<u>12-13</u>	<u>13-14</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Program Specialist III	1 FTE	1 FTE	\$52,651	\$53,704
Administrative Assistant IV	5 FTE	.5 FTE	\$17,161	\$17,504
Benefits			\$29,863	\$31,827
Operating	• • • •		\$5,009	\$5,009
Travel			\$4,518	\$4,654
Capital outlay				
Aid	• • • •			
Capital improvements	••••			
TOTAL			\$112,703	\$114,740

JAN 1 7 2012

LB<sub>(1)</sub> 0753

### **FISCAL NOTE**

LEGISLATIVE FISCAL

2012

State Agency or Politic	al Subdivision Name:(2) De	epartment of Health and Huma	in Services	
Prepared by: (3) Willard	Bouwens Date Pr	epared:(4) January 13, 2012	Pho	ne: (5) 471-8072
	FY 20	12-2013	FY 2013-20	014
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
ENERAL FUNDS	\$22,396	<b>\$</b> 0	\$44,791	\$0
ASH FUNDS			\$810,000	\$810,000
EDERAL FUNDS				
THER FUNDS				
OTAL FUNDS	\$23,396	\$0	\$854,791	\$810,000

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:** 

#### Program 179 & Program 514

DHHS would receive 10% of the annual soda tax revenue to distribute to local public health departments to support obesity prevention efforts in child care settings.

#### Operation Expenditures Program 179

It is estimated that .50 FTE would be required to administer and monitor these new funds.

#### Aid Expenditures Program 514

The Department of Revenue projects that the Department Health and Human Services will receive \$810,000 in State Fiscal Year 2013-14. In State Fiscal Year 2014-15, the Department of Health and Human Services will receive \$1,045,000 and \$1,060,000 for State fiscal Year 2014-2015. The funds will be distributed to the local health departments.

MAJOR	OBJECTS OF EXPEND	TURE		
PERSONAL SERVICES:	<u> </u>		<del></del>	
POSITION TITLE	NUMBER O 12-13	F POSITIONS 13-14	2012-2013 EXPENDITURES	2013-2014 EXPENDITURES
Community health educator/senior	.50	.50	\$11,677	\$23,353
Ronofite			0.4.074	
Benefits			\$4,671	\$9,341
Operating			\$6,049	\$9,341 \$12,097
Travel				
Capital Outlay				
Aid				\$810,000
Capital Improvements		-		
TOTAL	••••••		\$22,396	\$854,791

## JAN 1 1 2012

LB 753

LEGISLATIVE FISCAL

**Fiscal Note** 

2012

	State Agency	Estimate			
of Revenue				Date Due LFA:	1/12/2012
	Date Prepared:	1/9/2012	******	Phone: 471-5700	
FY 2012	-2013	FY 2013	3-2014	FY 20	14-2015
Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue
\$49,930		1			1
	\$8,100,000		\$10,948,000		\$11,103,000
\$49,930	\$8,100,000		\$10,948,000		\$11,103,000
	FY 2012 Expenditures \$49,930	Date Prepared:	Date Prepared: 1/9/2012   FY 2012-2013   FY 2013   Expenditures   Revenue   Expenditures   \$49,930     \$8,100,000	Date Prepared: 1/9/2012   FY 2012-2013   FY 2013-2014	Date Due LFA:   Date Prepared: 1/9/2012   Phone: 471-5700

LB 753 imposes a sales and use tax on the sale of soft drinks. Soft drinks are defined as nonalcoholic beverages that contain natural or artificial sweeteners, and do not include beverages that contain milk or milk products, soy, rice, or similar milk substitutes, or one-hundred percent vegetable or fruit juice.

The bill also requires the Department to calculate the amount of sales and use tax collected on soft drinks during the prior fiscal year, minus the sales and use taxes credit to the State Highway Capital Improvement Fund or the Highway Allocation Fund, on or before August 1, 2013, and each year thereafter. The bill creates the Department of Education Obesity Prevention Fund and the Department of Health and Human Services Obesity Prevention Fund and transfers ninety percent and ten percent of the proceeds to these funds, respectively.

The bill does not conform to the current definitions of the products in question in the Streamlined Sales and Use Tax Agreement.

The operative date of the bill is October 1, 2012.

The bill is expected to generate revenue for the following cash funds:

Fiscal Year	Department of	Department of	State Highway	Highway	Total
	Education	Health and	Capital	Allocation Fund	
	Obesity	Human Services	Improvement		
	Prevention Fund	Obesity	Fund		
		Prevention Fund			
2012-13	\$7,290,000	\$810,000	\$0	\$0	\$8,100,000
2013-14	\$9,405,000	\$1,045,000	\$423,000	\$75,000	\$10,948,000
2014-15	\$9,538,000	\$1,060,000	\$429,000	\$76,000	\$11,103,000

Departmental cost to implement LB 753 includes mainframe programming costs to add one or more lines to the Form 10 Sales and Use Tax Return. This is estimated to include \$3,030 to modify NebFile for Business and \$46,900 for mainframe programming, totaling \$49,930.

Major Objects of Expenditure										
Class Code	Classification Title	12-13 <u>FIE</u>	13-14 <u>FTE</u>	14-15 <u>FTE</u>	12-13 Expenditures	13-14 Expenditures	14-15 Expenditures			
Operating Costs					\$49,930					
Capital Outlay										
					\$49,930					