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PREPARED BY: Doug Gibbs
 DATE PREPARED: February 14, 2012
 PHONE: 402-471-0051

LB 855

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	\$12,134	\$ 0	\$ 0	(\$ 5,325,000)
CASH FUNDS				(\$ 789,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$12,134	\$ 0	\$ 0	(\$6,114,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 855 amends Nebraska Revised Statutes Sections 77-2703 and 77-2708, dealing with sales and use taxes.

The bill would increase the fee kept by retailers for sales and use, lodging, and tobacco products tax collections.

At present, the collection fee is 2.5% of the first \$3,000 remitted. The bill keeps the 2.5% on the first \$3,000 and adds an additional 0.5% on amounts remitted over \$3,000. The increase is to take effect July 1, 2013.

The Department of Revenue and the Department of Roads have both provided fiscal notes and the following is the estimated fiscal impact:

Fiscal Year:	General Fund:	Highway Cash Fund:	State Highway Capital Improvement Fund:	Highway Allocation Fund: (Cities/Counties)	State Visitors Promotion Cash Fund:	Tobacco Products Administration Cash Fund:	Total:
FY12-13:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FY13-14:	(\$5,325,000)	(\$492,000)	(\$216,000)	(\$561,000)	(\$49,000)	(\$32,000)	(\$6,675,000)
FY14-15:	(\$5,983,000)	(\$555,000)	(\$242,000)	(\$632,000)	(\$58,000)	(\$35,000)	(\$7,505,000)

The Department of Revenue indicates a one-time charge from the OCIO for computer programming services of \$12,134.

There is no basis to disagree with the estimate of fiscal impact and cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates that counties remitting motor vehicle sales tax may see an increase in their collection fees of the following:

FY2012-13:	\$ 0
FY2013-14:	\$ 1,108,000
FY2014-15:	\$ 1,144,000

We also estimate the following impact to the Highway Allocation Fund:

FY2012-13:	\$ 0
FY2013-14:	(\$ 561,000)
FY2014-15:	(\$ 632,000)

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/15/12	PHONE	471-2526
COMMENTS					
DEPARTMENT OF REVENUE: No basis upon which to disagree. The amount estimated for roads purposes will have to be reconciled with estimates from the Department of Roads.					
DEPARTMENT OF ROADS: Estimated amounts will need to be reconciled with estimates from the Department of Revenue.					

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LEGISLATIVE FISCAL

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

LB⁽¹⁾ 855 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) NEBRASKA DEPARTMENT OF ROADS

Prepared by: (3) Marilyn Hayes Date Prepared: (4) 2-2-2012 Phone: (5) 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	(221,833)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	(221,833)

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

Explanation of Estimate:

REVISED AS OF 2-2-12

LB 855 changes the monthly collection fee that is retained by persons collecting the sales & use tax From 2 1/2% of the first \$3,000 remitted To 2 1/2% of the first \$3,000 remitted and 1/2% of all amounts in excess of \$3,000

This would be effective for all taxes collected after July 1, 2013.

Impact on the Highway Trust Fund:

State sales tax is currently at 5 1/2%. Sales tax revenue on motor vehicles is distributed at 5% rate to the Highway Trust Fund and 1/2% rate direct to the Highway Allocation Fund.

Sales taxes at 5% rate on motor vehicles are collected by county treasurers and remitted to the Highway Trust Fund which is distributed to the Highway Cash Fund, receiving 53 1/3%, and the Highway Allocation Fund (shared by the Cities & Counties) receiving 46 2/3%. The additional retainage fee over \$3,000 would result in an annual loss to the Highway Cash Fund of \$533,000 and \$467,000 to the Highway Allocation Fund.

Assuming the Highway Cash Fund appropriation is maintained at the same level, this reduction of revenue, for the additional taxes retained for collection purposes, would result in an increase of the variable motor fuel tax to offset this loss. As a result, no fiscal impact, to the Highway Cash Fund, is anticipated.

Cities and counties would lose \$467,000, as noted above. They would also lose an additional \$100,000 for sales tax over the 5% rate with the additional retainage applied, for a total loss of \$567,000.

Impact on the Build Nebraska Act (LB 84)

This change will also impact the Build Nebraska Act which receives 1/4% of general fund sales tax with the State Highway Capital Improvement fund receiving 85% and Highway Allocation fund receiving 15%. The revenue loss is anticipated to be \$242,000 annually for the State Highway Capital Improvement Fund and \$43,000 for the Highway Allocation Fund. FY14 revenue loss, to the State Highway Capital Improvement Fund, will be 11/12ths of this amount, \$221,833.

The loss of revenue to the State Highway Capital Improvement Fund will result in reduction in expenditures of the same amount.

Annual Impact	NDOR	Cities / Counties	Total
	Hwy Cash Fund	Hwy Allocation Fund	
Highway Trust Fund	@ 53 1/3%	@ 46 2/3%	
Sales Tax on Motor Vehicles	\$1.1 Million Total		
At 5% Rate	(533,000)	(467,000)	(1,000,000)
At 1/2% Rate 100% to Ci / Co		(100,000)	(100,000)
Variable Motor Fuel Tax	533,000		
Total Trust Fund Impact	-	(567,000)	(567,000)
	Highway Capital Improvement Fund	Hwy Allocation Fund	
Build Nebraska Act (LB84)	@ 85%	@ 15%	
At 1/4% of General Fund Sales Tax	(242,000)	(43,000)	(285,000)
Total Annual Fiscal Impact	(242,000)	(610,000)	
FY-14 at 11/12ths	(221,833)	(559,167)	(781,000)

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013 EXPENDITURES	2013-2014 EXPENDITURES
	12-13	13-14		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				(221,833)
Aid.....				
Capital improvements.....				
TOTAL.....				(221,833)