PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs March 12, 2013 402-471-0051

LB 64

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	3-14	FY 2014-15			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		(\$780,000)		(\$303,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$780,000)		(\$303,000)		

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

LB 64 amends Nebraska Revised Statutes Section 77-27,144, regarding the deductions of incentive refunds from local option sales tax.

The bill changes the threshold for eligibility to have an incentive refund deducted in twelve equal monthly installments, from 25% of the municipality's prior fiscal year total sales and use tax receipts to 12%. As a result this would cause more incentive refunds to be deducted in monthly installments.

Currently, refunds paid under the incentive acts to eligible taxpayers are deducted from the amount remitted to the appropriate municipality one year after the refund is paid to the taxpayer. If the amount of the refund is greater than 25% of the municipality's prior fiscal year net sales tax receipts the refund is deducted in twelve monthly installments.

The Department of Revenue estimates the following fiscal impact to General Fund receipts as a result of LB 64:

FY2013-14: (\$ 780,000) FY2014-15: (\$ 303,000) FY2015-16: (\$ 54,000)

The Department indicates the cost to implement LB 64 will be minimal.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: <mark>64</mark>	AM:	AGENCY/P	AGENCY/POLT. SUB: Dept. of Revenue				
REVIEWED BY: Lyn Heaton			DATE: 2/14/2013	PHONE: 402.471.4181			
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. Concur that the bill will not affect the							
department's operational costs.							

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFA:	1/18/2013	
Approved by: Douglas Ewald		Date Prepared:	1/22/2013		Phone: 471-5896		
FY 2013-2014		-2014	FY 2014-2015		FY 2015-2016		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$780,000)		(\$303,000)		(\$54,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$780,000)		(\$303,000)		(\$54,000)	
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LB 64 would amend Neb. Rev. Stat. § 77-27,144 to cause more incentive refunds to be deducted from the municipal sales taxes in monthly installments. Currently, a refund paid under the Employment and Investment Growth Act or the Nebraska Advantage Act is deducted from the amount remitted to the municipality one year after the refund is paid to the taxpayer. If the refund is greater than 25% of the municipality's annual sales tax net receipts the refund is deducted in monthly installments over one year. Under LB 64, the threshold would be reduced to 12%.

The bill is expected to reduce General Fund receipts by the following amounts:

FY 2013-14: (\$780,000) FY 2014-15: (\$303,000) FY 2015-16: (\$54,000)

Departmental cost to implement the bill is expected to be minimal.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
Capital Outlay							
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