

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		59,514,000		74,695,000
CASH FUNDS		(See below)		(See below)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

Under current law, effective for transactions occurring on or after July 1, 2013, the proceeds from a sales and use tax rate of .25% will be redirected from the General Fund to the State Highway Capital Improvement Fund (85%) and the Highway Allocation Fund (15%). The State Highway Capital Improvement Fund is administered by the Department of Roads and the Highway Allocation Fund is distributed to cities and counties.

LB 531 would repeal this provision and keep the proceeds from the .25% sales tax in the General Fund. Estimates from the Department of Revenue indicate that the .25% rate will generate \$59,514,000 in FY14 (10 month impact due to the lag in collections) and \$74,695,000 in FY15. The projected General Fund revenue for these two fiscal years would increase by these dollar amounts with the passage of this bill. The estimates provided by the Department of Revenue are consistent with Fiscal Office estimates and total sales tax estimates approved by the Forecasting Advisory Board for the next two fiscal years.

The corresponding decrease in revenue for the Department of Roads would equal \$50,587,000 in FY14 and \$63,491,000 in FY15, and the decrease in revenue for cities and counties would equal \$8,927,000 in FY14 and \$11,204,000 in FY15.

The Department of Revenue carries their projections out to FY16 and FY 17. In these years the General Fund revenue increase is projected by the department to be \$77,971,000 (FY16) and \$81,383,000 (FY17). The Department of Roads and cities and counties would have a corresponding combined revenue loss equal to these dollar amounts.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 531	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 2/25/2013	PHONE: <a href="tel:402.471.4181">402.471.4181</a>
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 531	AM:	AGENCY/POLT. SUB: Dept. of Roads	
REVIEWED BY: Lyn Heaton		DATE: 2/25/2013	PHONE: <a href="tel:402.471.4181">402.471.4181</a>
COMMENTS: The Dept. of Roads' estimate of the impact of the bill is generally consistent with the Dept. of Revenue's analysis.			

**State Agency Estimate**

State Agency Name: Department of Revenue Date Due LFA: 2/25/2013  
 Approved by: Douglas Ewald Date Prepared: 2/20/2013 Phone: 471-5896

	<b>FY 2013-2014</b>		<b>FY 2014-2015</b>		<b>FY 2015-2016</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$59,514,000		\$74,695,000		\$77,971,000
Cash Funds		(\$59,514,000)		(\$74,695,000)		(\$77,971,000)
Federal Funds						
Other Funds						
<b>Total Funds</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>

LB 531 repeals the Build Nebraska Act, which distributes one-quarter of one percent of state sales and use tax proceeds to the State Highway Capital Improvement Fund and the Highway Allocation Fund beginning on July 1, 2013.

Under the bill, sales and use tax revenue to be transferred to these cash funds will remain in the General Fund.

It is estimated that LB 531 will have the following impact:

Fiscal Year	General Fund Impact	State Highway Capital Improvement Fund	Highway Allocation Fund
FY 2013-14	\$59,514,000	(\$50,587,000)	(\$8,927,000)
FY 2014-15	\$74,695,000	(\$63,491,000)	(\$11,204,000)
FY 2015-16	\$77,971,000	(\$66,275,000)	(\$11,696,000)
FY 2016-17	\$81,383,000	(\$69,176,000)	(\$12,207,000)

There is expected to be no cost to the Department to implement the bill.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>13-14</u> <u>FTE</u>	<u>14-15</u> <u>FTE</u>	<u>15-16</u> <u>FTE</u>	<u>13-14</u> <u>Expenditures</u>	<u>14-15</u> <u>Expenditures</u>	<u>15-16</u> <u>Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Aid.....							
Capital Improvements.....							
<b>Total.....</b>							

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2013

**LB<sup>(1)</sup> 531 FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Department of Roads

Prepared by: (3) Becky Fleming Date Prepared: (4) Phone: (5) 402-479-4692

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>(\$51,000,000)</u>	<u>(\$51,000,000)</u>	<u>(\$63,750,000)</u>	<u>(\$63,750,000)</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>(\$51,000,000)</u>	<u>(\$51,000,000)</u>	<u>(\$63,750,000)</u>	<u>(\$63,750,000)</u>

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

Explanation of Estimate:

LB 531 repeals the Build Nebraska Act and eliminates the State Highway Capital Improvement Fund as passed in 2011 – LB 84.

The Build Nebraska Act provided for:

Effective July 1, 2013 until July 1, 2033, the proceeds from a sales and use tax rate of one-quarter of one percent are credited 85% to the State Highway Capital Improvement Fund and 15% to the Highway Allocation Fund. The State Highway Capital Improvement Fund will be administered by the Department of Roads and the Highway Allocation Fund is distributed to cities and counties.

Money credited to the State Highway Capital Improvement Fund is to be used as follows: a) At least 25% of the money is to be used for construction of the expressway system and federally designated high priority corridors. And b) the balance of money credited to the fund shall be used for surface transportation projects of the highest priority as determined by the Department of Roads.

Estimates from the Department of Revenue indicated that revenue from the .25% sales tax will equal \$60 million in FY13-14 (11 months) and \$75 million in FY14-15. The State Highway Capital Improvement Fund will receive \$51 million in FY13-14 and \$63.75 million in FY14-15; and the Highway Allocation Fund (cities and counties) will receive \$9 million in FY13-14 and \$11.25 million in FY14-15.

This loss of revenue will result in a reduction of highway construction expenditures of a like amount.

The General Fund will retain this estimated revenue of \$60 million in FY13-14 (11 Months) and \$75 million in FY14-15.

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**MAJOR OBJECTS OF EXPENDITURE**

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**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			<u>(\$51,000,000)</u>	<u>(\$63,750,000)</u>
Aid.....			_____	_____
Capital improvements.....			_____	_____
<b>TOTAL</b> .....			<u>(\$51,000,000)</u>	<u>(\$63,750,000)</u>