

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$91,482		\$83,948	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$91,482		\$83,948	

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

LB 53 amends the Nebraska Revenue Act of 1967, regarding successor liability for sales and use tax.

The bill provides, for purposes of determining the purchase price, that the purchase price shall not include any amounts required to satisfy any liens against property acquired by the purchaser if a) the Tax Commissioner has not filed a notice of lien in accordance with Section 77-3904 prior to the sale of the business or stock of goods or b) such liens were recorded prior to the Tax Commissioner filing a notice of lien under Section 77-3904. So, unless the Tax Commissioner has established the priority of the tax lien, the amount necessary to satisfy the tax liability of the seller is not withheld from the purchase price.

Under current law, if the seller has any outstanding sales or use tax liability and sells their business or stock of goods, the successor (purchaser) is to withhold a sufficient amount of the purchase price to cover the amount of the tax liability until the former owner produces a receipt from the Tax Commissioner showing that the liability has been paid or that no amount is due. If the purchaser fails to withhold an amount sufficient to satisfy the tax liability, they become personally liable for the payment of the amount required to be withheld.

The bill contains the emergency clause.

The Department of Revenue indicates that the fiscal impact is indeterminable, but they believe it will have a negative fiscal impact on the General Fund.

The Department also estimates that the cost to implement LB 53 will included increased lien filings with the Secretary of State, and will cost approximately \$40,000 per year for filings and will need 1.0 FTE to implement. This includes PSL of \$32,317 for FY2013-14 and \$33,044 for FY2014-15.

We agree with the Department regarding fiscal impact and find no basis to disagree with the Department's estimate of cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 53	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 2/20/2013	PHONE: 402.471.4181
COMMENTS: The Dept. of Revenue's estimate of the operational cost to protect the state's interest in the enforcement and collection of previously incurred sales tax liability appears reasonable given the agency's assumptions.			

