

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	44,485	(719,556)		(982,043)
CASH FUNDS	See below	724,701	See below	989,065
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	44,485	5,145		7,022

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

LB 814 provides that the sales and use tax proceeds derived from the sale or lease of all-terrain and utility-type vehicles shall be deposited into the newly created Game and Parks Commission Capital Maintenance Fund and used for the repair/maintenance, etc. of Game and Park's infrastructure. These sales and use taxes are currently deposited into the General Fund, the State Highway Capital Improvement Fund and the Highway Allocation Fund. The county treasurer is responsible for collecting the tax when the purchaser makes application for a title. The counties are allowed to retain a portion of the proceeds as a collection fee.

Revenue estimates were received from both the Game and Parks Commission and the Department of Revenue (see attached). For the purpose of this fiscal note the average of these two estimates are used. The following table shows the impact on each of the involved funds and indicates that \$753,856 would be made available to the Game and Parks Commission in FY14-15 and \$1,028,856 would be available in FY15-16 to use as provided in section 2.

	General Fund	State Highway Capital Improvement Fund (Dept. of Roads)	Highway Allocation Fund (Cities and Counties)	Game and Parks Commission Capital Maintenance Fund
FY14-15	(719,556)	(29,155)	(5,145)	753,856
FY15-16	(982,043)	(39,791)	(7,022)	1,028,856

Expenditures-

Given the intent of the bill is to generate additional funding to help address the infrastructure needs of the Game and Parks Commission, it is assumed an A-bill will be introduced to provide the authority to spend the revenue deposited into the Game and Parks Commission Capital Maintenance Fund.

The Department of Revenue estimates a one-time cost of \$44,485 General Funds to develop the new sales and use tax form and make necessary computer programming changes.

Fiscal notes from Lancaster and Douglas counties indicate that the added cost to collect and remit the tax will be minimal and can be absorbed. The allowed collection fee may offset these collection costs and on a statewide level will increase county revenue by an estimated \$15,000 annually.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 841	AM:	AGENCY/POLT. SUB: Game and Parks Commission
REVIEWED BY: Lyn Heaton	DATE: 1/28/2014	PHONE: 402.471.4181
<p>COMMENTS: As indicated in the Game and Parks Commission's fiscal note, a precise estimate of the amount of General Fund revenue proposed to be redirected to the Game and Parks Commission Capital Maintenance Fund is difficult to determine. Much depends on the percentage of ATV/UTV sales that are for agricultural use and therefore exempt from sales tax. Due to the October 1, 2014 operative date, the first year amount would need to be prorated. The bill provides that the fund is authorized to be used to repair, renovate, modify, or improve any infrastructure within the administration of the Commission. The bill does not appear to place any new duties and responsibilities with the Commission that increases costs. Consequently, an increase in appropriation does not appear to be required to implement the provisions of the bill.</p> <p>Technical Note: Requests for appropriations for major modifications or repair of existing facilities should be evaluated within the State Comprehensive Capital Facilities Planning process outlined in 81-1108.41 so as to be considered in that context by the Appropriations Committee as part of the biennial budget process.</p>		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 841	AM:	AGENCY/POLT. SUB: Lancaster County
REVIEWED BY: Lyn Heaton	DATE: 1/24/2014	PHONE: 402.471.4181
COMMENTS: Concur. No or minimal fiscal impact on counties.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 841	AM:	AGENCY/POLT. SUB: Douglas County
REVIEWED BY: Lyn Heaton	DATE: 1/24/2014	PHONE: 402.471.4181
COMMENTS: Concur. No or minimal fiscal impact on counties.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 841	AM:	AGENCY/POLT. SUB: Dept. of Motor Vehicles
REVIEWED BY: Lyn Heaton	DATE: 1/24/2014	PHONE: 402.471.4181
COMMENTS: Concur. No fiscal impact to the Department of Motor Vehicles.		

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA:

Approved by: Kim Conroy

Date Prepared:

Phone: 471-5896

	FY 2014-2015		FY 2015-2016		FY 2016-2017	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$44,485	(\$958,000)		(\$1,483,000)		(\$1,520,000)
Cash Funds		\$965,000		\$1,494,000		\$1,531,000
Federal Funds						
Other Funds		(\$7,000)		(\$11,000)		(\$11,000)
Total Funds		\$0		\$0		\$0

LB 841 requires the county treasurer to collect sales tax on the purchase of an all-terrain vehicle or utility-type vehicle at the time the vehicle is titled with the county treasurer (rather than requiring the seller to collect sales tax at the time of purchase). LB 841 credits sales and use tax proceeds from the sale or lease of all-terrain vehicles and utility-type vehicles to the Games and Parks Commission Capital Maintenance Fund. The sales and use tax receipts from the sale or lease of all-terrain vehicles and utility-type vehicles are currently deposited in the General Fund.

The bill requires the seller of any all-terrain vehicle or utility-type vehicle to provide the purchaser with a statement indicating the tax imposed on the sale and a certified statement of the transaction as prescribed by the Tax Commissioner, which must include the total sales price, trade-in allowance, and net sales price. Sales tax shall be applied to the certified sales price minus a credit for any trade-in allowance. Sales tax shall be collected by the lessor on the rental or lease price. LB 841 establishes a penalty for a willful understatement of the sales price, for failing to provide the certified statement to the purchaser upon sale, and for failing to file the certified statement or pay the tax due by the due date.

LB 841 is expected to impact the following funds:

	General Fund	Highway Allocation Fund	Highway Trust Fund	Games and Parks Commission Capital Maintenance Fund
FY 2014-15	\$ (958,000)	\$ (7,000)	\$ (39,000)	\$ 1,004,000
FY 2015-16	\$ (1,483,000)	\$ (11,000)	\$ (60,000)	\$ 1,554,000
FY 2016-17	\$ (1,520,000)	\$ (11,000)	\$ (62,000)	\$ 1,593,000
FY 2017-18	\$ (1,558,000)	\$ (11,000)	\$ (63,000)	\$ 1,632,000

Implementation cost of LB 841 includes \$20,815 to develop mainframe development charges and to add a line to the NebFile for businesses return, and \$23,670 to develop a new tax form and a processing system to collect the tax. Both charges are billed by the OCIO. The bill is effective October 1, 2014.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	14-15	15-16	16-17	14-15	15-16	16-17
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$44,485		
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....				\$44,485		

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

Prepared by: Gary Ryken

Date Prepared:

28-Jan-14

Phone: 471-3902

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Email: gary.ryken@nebraska.gov

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Estimate:

No fiscal impact is anticipated.

MAJOR OBJECTS OF EXPENDITURE

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>FY 2014-2015</u>	<u>FY 2015-2016</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits	_____	_____	_____	_____
Operating	_____	_____	_____	_____
Travel	_____	_____	_____	_____
Capital Outlay	_____	_____	_____	_____
Aid	_____	_____	_____	_____
Capital Improvements	_____	_____	_____	_____
Total	_____	_____	<u>\$ -</u>	<u>\$ -</u>

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2014

LB⁽¹⁾ 841

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole

Date Prepared: ⁽⁴⁾ 1/14/2014

Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	503,712	503,712	503,712	503,712
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>503,712</u>	<u>503,712</u>	<u>503,712</u>	<u>503,712</u>

Explanation of Estimate:

The proposed legislation would create a new cash fund, the Game and Parks Commission Capital Maintenance Fund, to be used to build, repair, renovate, rehabilitate, restore, modify or improve any infrastructure within the statutory authority and administration of the commission. The major source of revenue for this fund is to be the proceeds of the sales and use taxes derived from the sale or lease of all-terrain vehicles as defined in section 60-103 and utility-type vehicles as defined in section 60-135.01.

Providing a definitive estimate for revenues is rather problematic in that much of the needed information for analysis is not captured and recorded in manner and level of detail sufficient to capture precisely. The Department of Motor Vehicles has indicated that titles attributable to ATV/Utility vehicle and Minibikes for 2009 through 2013 averaged 6,360 (5348, 4972, 6242, 7386, and 7851 respectively). The three vehicle are tracked together. For purposes of providing an estimate, it will be assumed that 90% are ATV/UTV type vehicles (5,724). This figure will be used for estimating annual revenues.

In contact with dealers it was determined that the **average** price of an ATV is approximately \$6,000 and a UTV is approximately \$12,000. For purposes of this note, a figure of \$8,000 will be used and applied to the estimated number of titled vehicles (estimated sales). In discussions with the dealers, it was also determined that approximately 80% of their sales are attributable to agricultural purposes and most often purchased under Nebraska's agricultural machinery and equipment sales tax exemption (<http://www.revenue.nebraska.gov/info/6-368.pdf>). Thus using an estimated 5,724 ATV/UTV sales x \$8,000 average cost x 20% non ag x 5.5% sales tax rate, an estimated \$503,712 might be generated annually for the new fund. The first year's amount could be affected by the actual implementation date of the bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15 EXPENDITURES</u>	<u>2015-16 EXPENDITURES</u>
	<u>14-15</u>	<u>15-16</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....			503,712	503,712
Aid.....				
Capital improvements.....				
TOTAL.....			<u>503,712</u>	<u>503,712</u>

These revenues, while available for any Commission property, would likely be targeted to Park areas during the initial years. The Nebraska Game and Parks Commission would request an A-bill with this legislation to ensure that the revenue would be additive to existing expenditure authority. All authority would be requested for Program 901 Deferred Maintenance to include ADA facility improvements.

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

2014

LB⁽¹⁾ 841

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Lancaster County Treasurer's Office

Prepared by: ⁽³⁾ Don Arp/Michelle Raphael

Date Prepared: ⁽⁴⁾ 01/21/14

Phone: ⁽⁵⁾ 402-441-6487 /
402-441-7446

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: The cost to internally set up the accounting structure to implement the collection and payment of an additional State mandated fee is minimal and can be absorbed by the County.

The County Treasurer's Office requests a 1% commission for the collection of the funds relating to LB 841. The small commission would allow the county to offset a portion of the staff time and office expense to process additional transactions and collect money on behalf of the State of Nebraska. A commission is consistent with existing statutory practices already in place for other types of funds collected by the county on behalf of other entities (i.e. Nebraska State Statute 33-114, 60-3,186, 37-1217, and 60-3,217).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15 EXPENDITURES</u>	<u>2015-16 EXPENDITURES</u>
	<u>14-15</u>	<u>15-16</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2014

LB⁽¹⁾ 841 Change sales and use tax provisions relating to all-terrain vehicles, utility-type vehicles, and distribution of revenue **FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County / Douglas County Treasurer

Prepared by: ⁽³⁾ Marcos San Martin, Douglas County Administration
 Date Prepared: ⁽⁴⁾ 1/21/2014
 Phone: ⁽⁵⁾ 402.444.5116

Timothy Cavanaugh, Chief Deputy Treasurer
 402.444.3250

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Explanation of Estimate:

NEGLIGIBLE OR NO IMPACT TO COUNTY

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>N/A</u>	<u>N/A</u>