PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 25, 2015 402-471-0051

**LB 391** 

Revision: 00

# **FISCAL NOTE**

#### LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	5-16	FY 2016-17					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS								
CASH FUNDS		(\$434,000)		(\$676,000)				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		(\$434,000)		(\$676,000)				

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

LB 391 amends the Nebraska Revenue Act of 1967 Section 77-2703, regarding sales tax.

The bill increases the county collection fee for motor vehicles. LB 391 would allow a county to keep an additional one-half of one percent of all motor vehicle sales tax amounts in excess of \$3,000 each month.

The Department of Revenue estimates the following fiscal impact of LB 391:

			Game & Parks	
	Highway Allocation Fund:		Commission Capital	
Fiscal Year:	(Local)	Highway Cash Fund:	Maintenance Fund:	Total:
2015-16:	(\$ 461,000)	(\$ 434,000)	(\$ 15,000)	(\$ 910,000)
2016-17:	(\$ 719,000)	(\$ 676,000)	(\$ 23,000)	(\$ 1,418,000)
2017-18:	(\$ 747,000)	(\$ 703,000)	(\$ 24,000)	(\$ 1,474,000)
2018-19:	(\$ 777,000)	(\$ 731,000)	(\$ 25,000)	(\$ 1,533,000)

The Department of Revenue indicates the cost to implement the provisions of LB 391 will be minimal.

The Department of Roads estimates the following fiscal impact of LB 391:

Fiscal Year:	Highway Allocation Fund (Local):	Highway Cash Fund:	Total:
2015-16:	(\$ 301,000)	(\$ 325,000)	(\$ 626,000)
2016-17:	(\$ 518,000)	(\$ 487,000)	(\$ 1,005,000)

We disagree somewhat with the Department of Revenue's estimate of fiscal impact and cost. We do not believe the Game & Parks Commission Capital Maintenance Fund is impacted as the section of statute being amended only applies to motor vehicles, semitrailers, and trailers. Otherwise we agree with the Department of Revenue's estimate of fiscal impact.

#### **IMPACT TO POLITICAL SUBDIVISIONS:**

The Department of Revenue estimates that counties remitting motor vehicle sales tax will see an increase in their collection fees as follows:

FY2015-16: \$ 910,000 FY2016-17: \$ 1,418,000 FY2017-18: \$ 1,474,000

The estimated fiscal impact to the Highway Allocation Fund is as follows:

FY2015-16: (\$ 461,000) FY2016-17: (\$ 719,000) FY2017-18: (\$ 747,000) FY2018-19: (\$ 777,000)

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 391 AM: AGENCY/POLT. SUB: Dept. of Motor Vehicles					
REVIEWED BY: Lyn Heaton DATE: 2/26/2015 PHONE: 471-4181				PHONE: 471-4181	
COMMENTS: Concur. No fiscal analysis on the Department of Motor Vehicles.					

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 391 AM: AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton DATE: 2/26/2015 PHONE: 471-4181				PHONE: 471-4181	
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.					

## LB 391 FISCAL NOTE

### NEBRASKA DEPARTMENT OF MOTOR VEHICLES

Prepared by: Gary	y Ryken D	ate Prepared:	26-Feb-15	Phone: 471-3902	Fax: 471-3920
				Email: gary.ryken@nebr	aska.gov
	ESTIMATE PRO	VIDED BY STATE	AGENCY OR POLITIC	CAL SUBDIVISION	
	FY:	<u>2015-2016</u>		FY 2016-20	<u>17</u>
	<b>EXPENDITURES</b>	REVENUE		EXPENDITURES	REVENUE
GENERAL FUNDS	S				
CASH FUNDS					
FEDERAL FUNDS	<u></u>				
OTHER FUNDS					
TOTAL FUNDS	\$ -	\$ -		\$ -	\$ -

Explanation of Estimate:

No fiscal impact is anticipated.

	MAJOR OBJECTS OF EXPENDITURE							
	POSITION TITLE	NUMBER OF POS <u>15-16</u>	ITIONS <u>16-17</u>	FY 2015-2016 EXPENDITURES	FY 2016-2017 EXPENDITURES			
Benefits			<del></del>					
Operating				<u> </u>				
Travel				<u> </u>				
Capital Outlay				<u> </u>				
Aid				<u> </u>				
Capital Improv	rements			<u></u>				
	Total			\$ _	\$ -			

## **LB 391** Fiscal Note 2015

		State Agency	Estimate			
State Agency Name: Departmen	nt of Revenue				Date Due LFA:	2/25/2015
Approved by: Len Sloup		Date Prepared:	2/25/2015		Phone: 471-5896	
	FY 2015	<u>5-2016</u>	FY 2010	6-2017	FY 20	17-2018
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds			1			
Cash Funds		(\$910,000)		(\$1,418,000)		(\$1,474,000)
Federal Funds						
Other Funds						
Total Funds		(\$910,000)		(\$1,418,000)		(\$1,474,000)
				•		

LB 391 increases sales tax collection fees for county treasurers to include one-half of one percent of all amounts in excess of \$3,000 remitted each month.

Assuming that the bill becomes effective on October 1, 2015, the estimated impact of the increase in the collection fee is expected to be as follows:

	Highway Allocation Fund	Highway Cash Fund	Game and Parks Commission Capital Maintenance Fund
FY 2015-2016	(\$461,000)	(\$434,000)	(\$15,000)
FY 2016-2017	(\$719,000)	(\$676,000)	(\$23,000)
FY 2017-2018	(\$747,000)	(\$703,000)	(\$24,000)
FY 2018-2019	(\$777,000)	(\$731,000)	(\$25,000)

Counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$0.910 million, \$1.418 million, and \$1.474 million in fiscal years FY 2015-16, FY 2016-17, and FY 2017-18, respectively.

The estimated cost for the Department to implement LB 391 is minimal.

	Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 <u>Expenditures</u>	17-18 Expenditures		
Benefits									
Operating Costs									
Capital Outlay									
A: 1									
Capital Improvemen	nts								
Total									

TOTAL.....

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION  FY 2015-16 EXPENDITURES REVENUE  GENERAL FUNDS  CASH FUNDS  (\$325,000)*  (487,000)  FEDERAL FUNDS  TOTAL FUNDS  (\$325,000)*  (487,000)  Explanation of Estimate:  LB 391 changes the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of opercent of all amounts in excess of three thousand dollars remitted for motor vehicle sales tax.  Sales tax of 5 1/2% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Funchich is distributed 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation (for the cities and counties equally). The revenue from the 1/2% sales tax is remitted to the Highway Allocation fund.  Based on FY2014 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$487,000 annually (*calculated as 8/12 of annual total for FY16). Cities and counties would lose \$518,000 annually (FY16 impact calculated as 7/annual total \$301,000).  BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:	<b>LB</b> <sup>(1)</sup>	391							<b>FISCAL NOTE</b>
ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION  FY 2015-16 EXPENDITURES REVENUE  GENERAL FUNDS  CASH FUNDS  (\$325,000)*  (487,000)  FEDERAL FUNDS  OTHER FUNDS  TOTAL FUNDS  (\$325,000)*  (\$325,000)*  (487,000)  Explanation of Estimate:  LB 391 changes the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of opercent of all amounts in excess of three thousand dollars remitted for motor vehicle sales tax.  Sales tax of 5 ½% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Funds which is distributed 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation (for the cities and counties equally). The revenue from the ½% sales tax is remitted to the Highway Allocation fund.  Based on FY2014 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$487,000 annually (*calculated as 8/12 of annual total for FY16). Cities and counties would lose \$518,000 annually (FY16 impact calculated as 7/annual total \$301,000).  BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:	State Age	ency OR I	Political Subdivis	ion Name: (2)	Nebra	aska Dept	of Roads		
EXPENDITURES REVENUE EXPENDITURES REVENUE  GENERAL FUNDS  CASH FUNDS  (\$325,000)*  (487,000)  FEDERAL FUNDS  OTHER FUNDS  (\$325,000)*  (487,000)  Explanation of Estimate:  LB 391 changes the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of opercent of all amounts in excess of three thousand dollars remitted for motor vehicle sales tax.  Sales tax of 5 %% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Funds which is distributed 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation (for the cities and counties equally). The revenue from the ½% sales tax is remitted to the Highway Allocation fund.  Based on FY2014 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$487,000 annually (*calculated as 8/12 of annual total for FY16). Cities and counties would lose \$518,000 annually (FY16 impact calculated as 7/annual total \$301,000).  BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:	Prepare	d by: (3)	Becky Flemi	ng	Date P	repared: (4)	2/23/2015	Phone: (5)	(402) 479 4692
EXPENDITURES REVENUE EXPENDITURES REVENUE  GENERAL FUNDS  CASH FUNDS  (\$325,000)*  (487,000)  FEDERAL FUNDS  OTHER FUNDS  TOTAL FUNDS  (\$325,000)*  (487,000)  Explanation of Estimate:  LB 391 changes the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of percent of all amounts in excess of three thousand dollars remitted for motor vehicle sales tax.  Sales tax of 5 %% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Funds which is distributed 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation (for the cities and counties equally). The revenue from the %% sales tax is remitted to the Highway Allocation fund.  Based on FY2014 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$487,000 annually (*calculated as 8/12 of annual total for FY16). Cities and counties would lose \$518,000 annually (FY16 impact calculated as 7/4 annual total \$301,000).  BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:			ESTIM	ATE PROVIDE	D BY ST	ATE AGENO	CY OR POLIT	ICAL SUBDIVISION	ON
CASH FUNDS  (\$325,000)*  (487,000)  FEDERAL FUNDS  OTHER FUNDS  TOTAL FUNDS  (\$325,000)*  (487,000)  Explanation of Estimate:  LB 391 changes the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of opercent of all amounts in excess of three thousand dollars remitted for motor vehicle sales tax.  Sales tax of 5 ½% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Funds which is distributed 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation (for the cities and counties equally). The revenue from the ½% sales tax is remitted to the Highway Allocation fund.  Based on FY2014 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$487,000 annually (*calculated as 8/12 of annual total for FY16). Cities and counties would lose \$518,000 annually (FY16 impact calculated as 7/4 annual total \$301,000).  BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:			EXP	· · · · · · · · · · · · · · · · · · ·		<u>EVENUE</u>	<u>EXPEN</u>		
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TOTAL FUNDS  (\$325,000)*  (\$487,000)  Explanation of Estimate:  LB 391 changes the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of opercent of all amounts in excess of three thousand dollars remitted for motor vehicle sales tax.  Sales tax of 5 1/8% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Fund which is distributed 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation (for the cities and counties equally). The revenue from the 1/2% sales tax is remitted to the Highway Allocation fund.  Based on FY2014 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$487,000 annually (*calculated as 8/12 of annual total for FY16). Cities and counties would lose \$518,000 annually (FY16 impact calculated as 7/4 annual total \$301,000).  BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:	CASH F	UNDS			(\$	325,000)*			(487,000)
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Personal Services:	which is (for the c Based on (*calcula	distribute cities and on FY2014 ated as 8/1	d 53 1/3% to the counties equally data, the addition of annual tota	e Highway Cash ). The revenue f onal 1/2% retain:	Fund (for rom the ½ age would	the Departme % sales tax is result in a los	ent of Roads) an remitted to the ss to the Highwa	d 46 2/3% to the H Highway Allocation ny Cash Fund of \$48	ighway Allocation Fund n fund. 87,000 annually
	D	10 '		BREAKDO	OWN BY	MAJOR OBJ	ECTS OF EXI	PENDITURE	
POSITION TITLE  NUMBER OF POSITIONS  2015-16  2016-17  EXPENDITURES  EXPENDITURE	Persona								2016-17 EXPENDITURES
Benefits	Benefits	S							
Operating	Operatio	ng							
Travel									
Capital outlay	-	•							
Aid									