PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs March 10, 2015 402-471-0051

LB 466

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	15-16	FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$5,202,000)		(\$5,952,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$5,202,000)		(\$5,952,000)			

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

LB 466 amends Nebraska Revised Statues Section 77-27,144, dealing with local option sales tax refunds.

The bill makes changes regarding the deductions for refunds made to municipalities to now include cities of the metropolitan and primary classes; and amends the threshold for when the Department of Revenue makes deductions from refunds over a one-year period. Deductions done in monthly installments would now also be required for any refund over \$1 million in addition to the current provision that applies to refunds that are 25% or more of the prior year's total city sales tax receipts.

The bill has an operative date of January 1, 2016.

The Department of Revenue estimates the following impact to the General Fund as a result of LB 466:

FY2015-16: (\$ 5,202,000) FY2016-17: (\$ 5,952,000) FY2017-18: (\$ 781,000) FY2018-19: (\$ 835,000)

The Department of Revenue indicates that the cost to implement LB 466 will be minimal.

We have 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: 466 AM: AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton DATE: 3/11/2015 PHONE: 471-4181			PHONE: 471-4181		
COMMENTS: No basis upon which to disagree with the Department of Revenue analysis.					

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	3/10/2015	
Approved by: Len Sloup		Date Prepared:	3/9/2015		Phone: 471-5896		
	FY 2015-2016		FY 2016-2017		FY 2017-2018		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$5,202,000)	ĺ	(\$5,952,000)		(\$781,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$5,202,000)		(\$5,952,000)		(\$781,000)	

LB 466 would change the way tax incentive refunds of city sales tax are deducted from the receipts due to larger cities. Currently, incentive refunds for first and second class cities and villages are all delayed for one year and notice of the refund is provided to the city or village. Additionally, any refund that is greater than 25% of the prior year's total city sales tax receipts is deducted from the city's receipts in 12 monthly payments after the one-year delay.

The bill would extend these provisions to Lincoln and Omaha, the only cities that are not currently covered by these provisions. Second, monthly installments would be required not only for refunds greater than 25% of the prior year's total city sales tax receipts but would also be required for any refund of \$1 million or more.

The estimated reduction to General Fund revenues would be as follows:

FY 2015-16	\$ 5,202,000
FY 2016-17	\$ 5,952,000
FY 2017-18	\$ 781,000
FY 2018-19	\$ 835,000

It is estimated that there would be minimal costs to implement the bill.

LB 466 would become operative January 1, 2016.

Major Objects of Expenditure							
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures
Benefits							
Operating Costs.							
Travel							
Aid							
Total							