PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 08, 2016 402-471-0051

LB 812

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2016-17		FY 2017-18				
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$15,070,000)		(\$38,700,000)			
CASH FUNDS		(\$488,000)		(\$1,566,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$15,558,000)		(\$40,266,000)			

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

LB 812 amends the Nebraska Revenue Act of 1967 Section 77-2701.04 to provide a sales and use tax exemption for custom software and computer software training related to the custom software.

The exemption includes the charges for coding or producing any custom software and the charges for tapes, disks, or other property (electronic or otherwise) furnished by the seller.

Custom software is defined as computer software created for and prepared to the special order of the purchaser.

The bill has an operative date of January 1, 2017.

The Department of Revenue estimates the following fiscal impact as a result of LB 812:

Fiscal Year:	General Fund:	State Highway Capital Improvement Fund:	Highway Allocation Fund (Local):	d Total:
2016-17:	(\$ 15,070,000)	(\$ 488,000)	(\$ 86,000)	(\$ 15,644,000)
2017-18:	(\$ 38,700,000)	(\$ 1,566,000)	(\$ 276,000)	(\$ 40,542,000)
2018-19:	(\$ 41,409,000)	(\$ 1,676,000)	(\$ 296,000)	(\$ 43,381,000)

The Department estimates that the cost to implement the provisions of LB 812 will be minimal.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates the following fiscal impact to the Highway Allocation Fund:

FY2016-17: (\$ 86,000) FY2017-18: (\$ 276,000) FY2018-19: (\$ 296,000)

We agree with the Department's estimate of fiscal impact.

LB 812 Fiscal Note 2016

State Agency Estimate							
State Agency Name: Department of Revenue			Date Due LFA:				
Approved by: Tony Fulton	pproved by: Tony Fulton Date Prepared:		1/14/2016	Phone: 471-5896			
	FY 2016-2017		FY 2017-2018		FY 2018-2019		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$15,070,000)		(\$38,700,000)		(\$41,409,000)	
Cash Funds		(\$488,000)		(\$1,566,000)		(\$1,676,000)	
Federal Funds							
Other Funds		(\$86,000)		(\$276,000)		(\$296,000)	
Total Funds		(\$15,644,000)		(\$40,542,000)		(\$43,381,000)	

LB 812 would adopt a new sales tax exemption for sales, leases, etc. of custom software and training related to custom software. The exemption includes charges for coding and for tapes, disks, or other tangible personal property furnished by the seller. Custom software would be defined as computer software created for and prepared to the special order of the purchaser. The exemption would be operative January 1, 2017.

LB 812 is expected to reduce revenue to the funds below by the following amounts:

Fiscal Year	General Fund	State Highway	Highway Allocation	Total	
		Capital Fund			
		Improvement Fund			
2016-17	\$15,070,000	\$488,000	\$86,000	\$15,644,000	
2017-18	\$38,700,000	\$1,566,000	\$276,000	\$40,542,000	
2018-19	\$41,409,000	\$1,676,000	\$296,000	\$43,381,000	

Departmental cost to implement the bill is expected to be minimal.

Major Objects of Expenditure							
Class Code	Classification Title	16-17 <u>FTE</u>	17-18 <u>FTE</u>	18-19 <u>FTE</u>	16-17 <u>Expenditures</u>	17-18 Expenditures	18-19 Expenditures
	Benefits.						
Operating Costs	Operating Costs.						
Travel	Travel						
Capital Outlay	Capital Outlay						
Aid							
Capital Improvemen	Capital Improvements.						
	Total						,