

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$9,372		\$0	
CASH FUNDS		\$4,131,000		\$5,676,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$9,372	\$4,131,000	\$0	\$5,676,000

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

LB 730 creates the Ammunition Excise Tax Act.

The bill would impose a tax upon the sale of ammunition by a retail dealer equal to 10% of the sales price of the ammunition sold.

The tax is to be collected concurrently and in the same manner as the sales tax.

Revenue from the tax is to be distributed as follows:

- 50% to the Wildlife Conservation Fund;
- 50% to the Violence Prevention Cash Fund.

The tax shall not be imposed on ammunition sold to an office, division, or agency of the United States, State of Nebraska, or political subdivision of the state. The tax is also not imposed on blank ammunition.

The Nebraska Game and Parks Commission assumes an estimated total of 222,556 individuals who purchase ammunition in Nebraska at an average of \$60 per year spent on average. This would result in tax revenue of approximately \$1,335,336, which split between the two funds would be \$667,668 each.

The Department of Revenue estimates the following fiscal impact:

Fiscal Year:	Wildlife Conservation Fund:	Violence Prevention Cash Fund:	Total Cash Funds:
2018-19:	\$ 2,065,500	\$ 2,065,500	\$4,131,000
2019-20:	\$ 2,838,000	\$ 2,838,000	\$ 5,676,000
2020-21:	\$ 3,249,500	\$ 3,249,500	\$ 6,499,000

The Department of Revenue indicates that will require a one-time cost of \$9,372 paid to the Office of the CIO for programming.

While we do not fault the Game and Parks assumption and estimate of fiscal impact, we believe the estimate provided by the Department of Revenue is based on better available data and we have no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

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2018

LB⁽¹⁾ 730 Ammunition Excise Tax Act

FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Game and Parks Commission

Prepared by: (3) Patrick H. Cole Date Prepared: (4) 1/5/2017 Phone: (5) 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	See below	_____	See below
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The proposed legislation establishes the Ammunition Excise Tax Act. The act would impose a 10% tax on the sale price of ammunition sold. Ammunition sold to an office, division, or agency of the United States, State of Nebraska or political subdivision would be exempt. The proceeds from the tax would be split 50% to the Wildlife Conservation Fund (23350) and 50% to the Violence Prevention Cash Fund. The former fund is associated with the Nebraska Game and Parks Commission and the impetus for this fiscal note.

The Tax Commissioner is responsible for collection of the tax and subsequent remittance to the State Treasurer for distribution as outlined. There is no indication of withholding any administrative fees, thus it is presumed all collected monies would be distributed to the two identified funds.

The amount of revenue collected will be determined by the number of non-exempt sales that would occur. Since current or historical detailed records are not readily available, all fiscal impacts will be estimates within the parameters of set assumptions. The following assumptions are applied: The number of boxes of ammunition sold is a factor of the number of licensed hunters and active shooters in the state. The most recent number of certified hunters reported to the USFWS is 183,056. The National Shooting Sports Foundation's (NSSF) report, "Target Shooting in America" estimates there are around 158,000 target shooters in Nebraska. Assuming at least 75% of shooters are also hunters, the estimated total number of individuals that would be purchasing ammunition could be $(183,056 + 158,000 \times 0.25) = 222,556$.

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BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2018-19	2019-20
	18-19	19-20	EXPENDITURES	EXPENDITURES
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

The amount of ammunition consumed/purchased would be quite variable by the individual and their type and level of activity (target shooter and big game hunter ammunition is more expensive than upland game hunters, i.e. center-fire versus shotgun). Certainly factors like reloading would have an impact (e.g. trap/skeet shooters shoot more than upland game hunters but are more likely to reload). Price of ammunition also varies based on type (rifle, handgun, rimfire, shotgun) and amount in a box (bulk/small quantity); estimates \$5-several hundred dollars. For purposes of this note, we will assume that \$60/year is spent on average (figure suggested by NSSF)

Using these assumptions could produce $(222,556 \times 60 \times .10\%) = \$1,335,336$ annually in excise taxes, split \$667,668 to each fund.

The timing of implementation would also be a factor of how much money would be realized when. Due to the many unknown variables affecting the fiscal impact, no official estimate is provided for either FY at this time.