

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 18 adopts the Remote Seller Sales Tax Collection Act. The act requires remote sellers to remit sales tax pursuant to the Nebraska Revenue Act of 1967 if the remote seller has (1) a gross revenue from sales in Nebraska in excess of \$100,000; or (2) sold property in the state in 200 or more separate transactions. Nothing in the act affects the obligation of any purchaser to remit use tax on a transaction on which the seller does not collect and remit sales tax.

The bill requires the Tax Commissioner to annually certify the amount of revenue collected under the act, and proceeds collected, other than the amount attributable to motorboats, ATV's, UTV's, and motor vehicles, are credited to the Property Tax Credit Cash Fund.

The act does not apply retroactively. The bill has an operative date of October 1, 2019.

The Department of Revenue estimates there is no fiscal impact from LB 18 because following the *South Dakota v. Wayfair* U.S. Supreme Court case, all sales tax revenue was collected from sales by remote sellers and included in the October 2018 forecast. The Legislative Fiscal Office agrees that revenue from sales tax collected by remote sellers was accounted for in the forecast, and therefore provisions requiring remote sellers to collect sales tax does not result in additional revenue in the upcoming biennium.

The Department also states there is no method to precisely track or calculate all revenue attributable to internet sellers, and it is impossible to precisely determine the total amount attributable to internet sales for certification and credit to a cash fund. We agree that it would be extremely difficult to isolate sales attributable to remote sellers.

However, previous estimates of the increase in sales tax revenue attributable to direct sales by remote sellers after the *Wayfair* ruling were approximately \$17.5 million for FY 19-20 and \$20 million for FY 20-21 and, for marketplace providers who voluntarily remit, an additional \$8.75 million in FY 19-20 and \$10 million in FY 20-21. In addition, estimates of sales tax revenue attributable to direct sales by Amazon.com were \$32.9 million in FY 19-20 and \$34.6 million in FY 20-21.

LB 18 provides that sales tax revenue from remote sellers is credited to the Property Tax Credit Fund after October 1, 2019. Assuming "remote sellers" in the bill includes Amazon.com and retailers who have been collecting and remitting sales tax after the *Wayfair* ruling, this provision could result in a revenue loss of approximately \$39.5 million in FY 19-20 and \$64.6 million in FY 20-21, less any amount attributable to motorboats, ATV's, UTV's, and motor vehicles. The revenue loss would largely come from the General Fund, with a portion from the State Highway Capital Improvement Fund and the Highway Allocation Fund.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 18 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Lee Will DATE: 1/29/2019 PHONE: (402) 471-4175

COMMENTS: Concur with Department of Revenue's assessment of fiscal impact.

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

2019

LB⁽¹⁾ 18

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation

Prepared by: ⁽³⁾ Becky Fleming Date Prepared: ⁽⁴⁾ 1/28/2019 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</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:

LB 18 adopts the Remote Seller Sales Tax Collection Act and amends section 77-27,132, the Revenue Distribution Fund statute. Remote seller is defined in the bill as “any person who sells property for delivery into this state and does not have a physical presence in this state”. The Dept. of Revenue shall certify on an annual basis the amount of state sales and use tax revenue collected and remitted by the remote sellers and credit the funds to the Property Tax Credit Cash Fund.

The passing of this bill could result in a loss of revenue to the State Highway Capital Improvement Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____