LB 279

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	19-20	FY 2020-21				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$160,000)		(\$256,000)			
CASH FUNDS		(\$8,000)		(\$12,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$168,000)		(\$268,000)			

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

LB 279 amends the Nebraska Revenue Act of 1967 to exempt prepared food and food and food ingredients sold by a veterans' service organization that (1) is congressionally chartered, (2) has active chapters in Nebraska, and (3) is exempt from federal income tax.

The bill is operative October 1, 2019.

Revenue:

The Department of Revenue estimates revenue to the General Fund, State Highway Capital Improvement Fund, and Highway Allocation Fund, as follows:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Total	
2019-20	(\$160,000)	(\$8,000)	(\$1,000)	(\$169,000)	
2020-21	(\$256,000)	(\$12,000)	(\$2,000)	(\$270,000)	
2021-22	(\$264,000)	(\$13,000)	(\$2,000)	(\$279,000)	
2022-23	(\$272,000)	(\$13,000)	(\$2,000)	(\$287,000)	

Expenditures:

The department estimates no costs to implement this bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 279	AM:	AGENCY/POLT. SUB: Nebraska Dep	partment of Revenue (016)			
REVIEWED	BY: Joe Wilcox	DATE: 02/25/2019	PHONE: (402) 471-4178			
COMMENTS: No basis to dispute the Nebraska Department of Revenue estimate of potential General Fund Revenue loss to the State from LB 279.						

Fiscal Note 2019

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	3/1/19	
Approved by: Tony Fulton		Date Prepared:	2/22/19		Phone: 471-5896		
FY 2019-20		-2020	020 FY 2020-2021		FY 2021-2022		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$0	(\$160,000)	\$0	(\$256,000)	\$0	(\$264,000)	
Cash Funds		(\$8,000)		(\$12,000)		(\$13,000)	
Federal Funds							
Other Funds		(\$1,000)		(\$2,000)		(\$2,000)	
Total Funds	\$0	(\$169,000)	\$0	(\$270,000)	\$0	(\$279,000)	

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LB 279 amends § 77-2704.10 to exempt from sales and use taxes gross receipts from prepared food, food and food ingredients sold by congressionally chartered veterans service organizations that have active chapters in Nebraska and are exempt from federal income tax under Internal Revenue Code section 501(c)(19).

The operative date for LB 279 is October 1, 2019.

It is estimated there will be no costs to the Department to implement this bill.

Using Department sales and use tax data for Nebraska American Legions and VFWs, the Department assumes 75% of the sales and use tax collected are from prepared food. Food and food ingredients are currently exempt from sales tax and are not part of this estimate. The estimated reduction in revenues are as follows:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Total
2019-20	(\$160,000)	(\$8,000)	(\$1,000)	(\$169,000)
2020-21	(\$256,000)	(\$12,000)	(\$2,000)	(\$270,000)
2021-22	(\$264,000)	(\$13,000)	(\$2,000)	(\$279,000)
2022-23	(\$272,000)	(\$13,000)	(\$2,000)	(\$287,000)

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>	21-22 <u>Expenditures</u>	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
Capital Improvements								
Total								