PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza March 2, 2021 (402)471-0050

LB 679

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2021-22 FY 2022-23						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$294,375						
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$294,375						

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

LB 679 seeks to amend sections relating to the lodging tax imposed by cities and villages of Nebraska. Under LB 679, the collection and enforcement of the lodging tax is to be at the direction of the Tax Commissioner. Such taxes are due to the Tax Commissioner by the 25th of each month. The Tax Commissioner is then to remit the tax due to each city and village, less a 3% administrative fee.

The Department of Revenue estimates that there will be no fiscal impact to General Fund revenues. There is no basis to disagree with this estimate.

The Department of Revenue estimates the need for a one-time OCIO charge of \$294,375 to update their processing system. There is no basis to disagree with this estimate.

Douglas County expects a negative fiscal impact to municipalities in Douglas as a result of LB 679. This is primarily due to the administrative fee of 3% that would be paid to the Tax Commissioner for the processing of the tax. The City of Lincoln expects a revenue loss as well, assuming LB 679 refers to their Hotel Occupation Tax. It is expected that all municipalities that impose a lodging tax will have a revenue loss due to the administrative fee.

ADMINIS	STRATIVE SEF	RVICES STATE BUDGET DIVISION: REVIEW OF AGENCY 8	R POLT. SUB. RESPONSE				
LB: 679	AM:	AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY:	Lee Will	DATE: 03/2/2021	PHONE: (402) 471-4175				
COMMENTS: No basis to disagree with the Department's assessment of fiscal impact to administer the bill.							

ADMINI	STRATIVE SEI	RVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &	POLT. SUB. RESPONSE				
LB: 679	AM:	AGENCY/POLT. SUB: Douglas County					
REVIEWED BY:	Lee Will	DATE: 03/01/2021	PHONE: (402) 471-4175				
COMMENTS: Douglas County's assessment of fiscal impact seems reasonable given the assumptions provided.							

ADMINIS	STRATIVE SEF	RVICES STATE BUDGET DIVISION: REVIEW OF AGEN	NCY & POLT. SUB. RESPONSE
LB: 679	AM:	AGENCY/POLT. SUB: City of Lincoln	
REVIEWED BY:	Lee Will	DATE: 02/26/2021	PHONE: (402) 471-4175
COMMENTS: The	City of Lincoln	's assessment of fiscal impact to the city seems reasona	ble given the assumptions provided.

LB 679 Fiscal Note 2021

		State Agency	Estimate			
State Agency Name: Department	of Revenue				Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	3/2/2021		Phone: 471-5896	
	FY 2021	-2022	FY 202	2-2023	FY 2023	3-2024
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$294,375	\$0		\$0		\$0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$294,375	\$0		\$0		\$0

LB 679 requires the Tax Commissioner to collect and enforce any lodging tax imposed by cities or villages in this state. The lodging taxes will be due and payable monthly on or before the 25th day of the month following the tax period. The amount remitted by the Tax Commissioner to the cities and villages imposing the tax is reduced by 3% as an administrative fee necessary to defray the costs of and expenses incident to collecting the tax.

For purposes of calculating the cost of this change, the Department of Revenue (DOR) assumes that "lodging taxes imposed by municipalities" means occupation taxes on hotels and motels. Currently, municipal occupation taxes have a different base to calculate tax and can be adopted or changed by the municipality at any time rather than quarterly as is the case for county lodging taxes. DOR assumes that it is to collect these taxes at the same time county and state lodging taxes are collected by modifying the current Form 64. The current processing system for Form 64 cannot accommodate additional requirements as prescribed by the bill. Therefore, to implement LB 679, a new and more robust processing system must be developed with the capability to allocate tax received to multiple local jurisdictions. It is estimated that LB 679 will require a one-time programming charge of \$294,375 paid to the OCIO for development of the new processing system.

It is estimated that this bill will have no impact on General Fund revenues.

The operative date for this bill is January 1, 2022.

Major Objects of Expenditure									
Class Code	Class Code Classification Title 21-22 22-23 23-24 21-22 FTE FTE FTE FTE Expenditures								
Benefits									
Operating Costs					\$294,375				
	ts								

TOTAL.....

LB679 ⁽¹⁾ <i>pr</i>	FISCAL NOTE					
State Agency OR I	Political Subdivision Name:	DOI	JGLAS CO			
Prepared by: (3) Catherine Hall, County Administration		Date	Date Prepared: (4) 2/26		Phone: (5)	(402) 444-6416
Submitted by:	Marcos San Martin, County Administration			_	_	
	ESTIMATE PRO	VIDED BY ST	ΓΑΤΕ AGENO	CY OR POLITICAL	SUBDIVISIO	<u>)N</u>
		FY 2021-22			FY 2022	-23
	EXPENDITUR		<u>REVENUE</u>	EXPENDIT		REVENUE
GENERAL FUN	DS					
CASH FUNDS						
FEDERAL FUN	DS					
OTHER FUNDS						
TOTAL FUNDS	N/A		N/A N/			LOSS
Explanation of E	stimate:					
_	ETRIMENTAL) FISCAL	. IMPACT TO	DOUGLAS	COUNTY		
January 1, 202 Tax Commissio Tax Commissio	ult in the loss of visitor in 2, any lodging tax imponer' and the collected a oner. , a reduction of 3% equ	sed by any o amount will b	city or village se reduced by	in this state 'shall three percent (3%	be collected b) as an 'adn	l and enforced by the ninistrative fee' by the
D 10 1		OWN BY MA	JOR OBJECT	S OF EXPENDITU	<u>RE</u>	
Personal Service POSIT	S: TION TITLE	NUMBER O 21-22	F POSITIONS <u>22-23</u>	S 2021-2: <u>EXPENDIT</u>		2022-23 EXPENDITURES
Benefits						
Operating						
Travel						
Capital outlay						
Aid						
Capital improver	nents					

LB ⁽¹⁾ 679				FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	City of Lincoln			
Prepared by: (3) James Van Bruggen	Date Prepared: (4)	2/2/21	Phone: (5)	402-441-8301
ESTIMATE PROVI	DED BY STATE AGENO	CY OR POLITICA	L SUBDIVISIO	ON
EV	2021-22		FY 2022	09
<u>EXPENDITURES</u>		EXPENDI		REVENUE
GENERAL FUNDS		_		
CASH FUNDS		_		
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	_			
Explanation of Estimate:				
to pay off the bonds for the arena which	would impact the City	's standing with I	oondholders.	
	VN BY MAJOR OBJECT	S OF EXPENDIT	<u>'URE</u>	
Personal Services: N POSITION TITLE	UMBER OF POSITION 21-22 22-23	S 2021- <u>EXPENDI</u>		2022-23 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				