

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	50,692	(9,089,000)		(13,566,000)
CASH FUNDS		4,407,000		6,577,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	50,692	(4,682,000)		(6,989,000)

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 662 would change the distribution of sales tax revenue generated from the purchase of road and general-purpose construction and maintenance machinery. Currently this revenue is deposited into the General Fund. LB 662 would deposit this revenue into the Highway Trust Fund and the Highway Allocation Fund.

The Department of Revenue has estimated that sales tax revenue (5.5% sales tax rate) derived from this machinery will be approximately \$8.8 million in FY07-08 and \$13.8 million in FY08-09. The Department of Roads estimated the sales tax revenue to be \$9.4 million in FY07-08 and \$13.3 million in FY08-09. Based on the average of these two estimates the following table shows the revenue impact to the General Fund, the Department of Roads, cities, and counties.

<u>FY2007-08 Revenue Impact</u>				
	<u>General Fund</u>	<u>Dept. of Roads</u>	<u>Cities</u>	<u>Counties</u>
Revenue from 5% sales tax	(8,263,000)	4,407,000	1,928,000	1,928,000
Revenue from .5% sales tax	(826,000)	0	413,000	413,000
<b>Total</b>	<b>(9,089,000)</b>	<b>4,407,000</b>	<b>2,341,000</b>	<b>2,341,000</b>

<u>FY2008-09 Revenue Impact</u>				
	<u>General Fund</u>	<u>Dept. of Roads</u>	<u>Cities</u>	<u>Counties</u>
Revenue from 5% sales tax	(12,333,000)	6,577,000	2,878,000	2,878,000
Revenue from .5% sales tax	(1,233,000)	0	617,000	617,000
<b>Total</b>	<b>(13,566,000)</b>	<b>6,577,000</b>	<b>3,494,000</b>	<b>3,494,000</b>

In regards to the additional revenue received by the Department of Roads, it is the Legislature's prerogative to have the additional revenue reduce the variable fuel tax, or keep the fuel tax at the same level and allow the Department to spend the additional revenue. This can be controlled by the A-bill.

One-time implementation costs are estimated by the Department of Revenue to be \$50,692 in FY2007-08 for computer programming.

DEPARTMENT OF ADMINISTRATIVE SERVICES			
REVIEWED BY	DATE	PHONE	
Lyn Heaton	2/27/07	471-2526	
COMMENTS DEPT. OF REVENUE – The agency analysis appears reasonable. DEPT. OF ROADS – The agency analysis appears reasonable.			