

PREPARED BY: Mike Lovelace
 DATE PREPARED: January 26, 2007
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Revised to reflect the adoption of AM98.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|--|---------------|--------------------|--------------|--------------------|
| | FY 2007-08 | | FY 2008-09 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | 51,000 | (7,284,000) | | (9,906,000) |
| CASH FUNDS | | +3,531,000 (Roads) | | +4,803,000 (Roads) |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | 51,000 | (3,753,000) | | (5,103,000) |

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

LB 305, as amended, would change the distribution of sales tax revenue generated from motor vehicles leased for periods of more than 31 days. Currently this revenue is deposited into the General Fund. LB 305 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 leased vehicles under the provisions of this bill is approximately \$9.9 million on an annual basis. Based on this estimate the following table shows the annual revenue impact.

| | Annual Revenue Impact | | | |
|----------------------------|-----------------------|-----------------------|------------------|------------------|
| | <u>General Fund</u> | <u>Dept. of Roads</u> | <u>Cities</u> | <u>Counties</u> |
| Revenue from 5% sales tax | (9,006,000) | 4,803,000 | 2,101,000 | 2,101,000 |
| Revenue from .5% sales tax | (900,000) | 0 | 450,000 | 450,000 |
| Total | (9,906,000) | 4,803,000 | 2,551,000 | 2,551,000 |

With an effective date of October 1, 2007, the partial year impact for FY2007-08 is estimated to be \$3,531,000 for the Department of Roads, \$1,876,000 for cities, and \$1,876,000 for counties. The General Fund revenue loss would be \$7,284,000.

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 by approximately .3¢ to .4¢, 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.

Implementation costs are estimated by the Department of Revenue to be \$51,000 in FY2007-08.

DEPARTMENT OF ADMINISTRATIVE SERVICES

| | | | | | |
|---|------------|------|---------|-------|----------|
| REVIEWED BY | Lyn Heaton | DATE | 1/31/07 | PHONE | 471-2526 |
| COMMENTS | | | | | |
| DEPARTMENT OF ROADS: No basis upon which to disagree. | | | | | |