

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2009-10</b>		<b>FY 2010-11</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 536 would authorize a city council or county board to create a transportation development district and impose a local sales tax.

A city council or a county board could create, by resolution of intention, one or more transportation districts for the purpose of improving or constructing roads, streets, bridges and related structures within that district.

The bill would also allow the imposition of a local sales tax of one-eighth percent, one-quarter percent, or one-half percent within the transportation district. The sales tax would have to be used to finance improvement or construction of roads, streets, bridges, and related structures within the transportation district and could only be imposed following an affirmative vote by the majority of registered voters residing in the transportation district or a majority of the property owners within the transportation district. The city council or county board could issue negotiable coupon bonds to be known as transportation district development bonds in an amount not exceeding the balance of the unpaid costs of such improvements or construction.

The local sales tax allowed under LB 536 shall be collected by the Tax Commissioner concurrently with the collection of the state sales tax and in the same manner. The Tax Commissioner shall remit the proceeds of the tax to the city or county monthly, after deducting the amount of any refunds made and three percent of the remainder as an administrative fee. All receipts from the three percent administrative fee are to be deposited in the state's General Fund.

A city or county may disestablish a transportation development district by ordinance after a hearing before the city council or county board and the adoption of a resolution of intention to disestablish.

The fiscal impact is dependent on how many cities or counties choose to implement, the size of the area designated, the amount of sales tax imposed, and the result of the vote to implement. There is the potential for a statewide sales tax increase of one-half percent if all counties choose to implement at the maximum rate and the votes to implement are all successful. One-half percent of sales tax statewide generates approximately \$123,000,000 in revenue. A three percent administrative fee could generate approximately \$3,690,000 in revenue to the General Fund. Note: this does not account for the possibility of overlap between a transportation development district created by a city and a transportation district created by the county in which the city is located.

The Department of Revenue estimates the cost to implement LB 536 to be \$30,000.

**IMPACT TO LOCAL POLITICAL SUBDIVISIONS:**

The City of Lincoln estimates that the adoption of the local sales tax authorized by the LB 536 would raise approximately \$4.583 million (1/8%), \$9.166 million (1/4%), or \$18.133 million (1/2%) and a like amount would then be spent on transportation projects.

The Nebraska Association of County Officials indicates there would be some fiscal impact to certain counties but is unable to determine specific impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/24/09	PHONE	471-2526
COMMENTS CITY OF LINCOLN – No basis upon which to disagree. COUNTIES – The bill appears to create a new additional revenue source to local governments to make infrastructure improvements.					