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 DATE PREPARED: March 02, 2009
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LB 539

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$16,470,000)		(\$16,470,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$16,470,000)		(\$16,470,000)

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

LB 539 would create a refund to the purchaser of up to \$1000 of state and local option sales or use taxes paid on building materials or supplies used for external refurbishment of owner-occupied residential property in an area designated as blighted by a city or village, as defined by Section 18-2103.

The taxpayer shall file the refund claim with the Department of Revenue within three years after the date of purchase.

The bill has an operative date of October 1, 2009.

Purchases of approximately \$18,000 of materials and supplies would equate to the \$1,000 refund cap per calendar year. The Department of Revenue estimates that based on approximately 20,000 contractors and homeowners that may qualify for the sales tax refund, it is estimated that sales tax revenue would decrease as follows:

FY2009-10: (\$16,470,000)
 FY2010-11: (\$16,470,000)

The Department of Revenue estimates the cost to implement LB 539 would be minimal.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The City of Lincoln estimates a maximum loss of \$214 per property of local option sales tax revenue if the city council passes ordinances declaring areas blighted which meet the definition required by the bill and homeowners take advantage of the program. There would be no direct cost of administration to the city as program administration is the responsibility of the Tax Commissioner.

The City of Omaha estimates that the bill would have significant impact of the city resulting in lost sales tax revenue. Since Omaha and Lincoln have the same local option sales tax rate, the maximum revenue loss per property would be the same.

Neither city was able to estimate total fiscal impact.

The Department of Revenue estimates the local option sales tax would be reduced \$3,530,000 statewide.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	3/4/09	PHONE	471-2526
COMMENTS					
CITY OF LINCOLN: No basis upon which to disagree. CITY OF OMAHA: Concur. Exact fiscal impact is indeterminate.					