

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	31,320	(108,668,000)		(120,366,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>31,320</b>	<b>(108,668,000)</b>		<b>(120,366,000)</b>

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

LB 608 proposes a decrease in the State sales tax rate from 5½% to 5%. This bill has an effective date of July 1, 2007.

The projected sales tax receipts for FY08 and FY09 are \$1.3 billion and \$1.365 billion, respectively. Based on these numbers, and certain consumption assumptions, the Department of Revenue estimates the following revenue impact:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(108,668,000)
2008-09	(120,366,000)
2009-10	(128,122,000)
2010-11	(135,851,000)

The Department of Revenue estimates \$31,320 in implementation costs for printing and mailing rate cards and notices to sales and use tax filers.

**IMPACT ON POLITICAL SUBDIVISIONS:** The sales tax on motor vehicles in excess of 5% is credited to the Highway Allocation Fund, which is shared 50/50 between the cities and the counties of Nebraska. The ½% loss on motor vehicle sales tax would be approximately \$13.5 million annually.

**DEPARTMENT OF ADMINISTRATIVE SERVICES**

<b>REVIEWED BY</b>	Lyn Heaton	<b>DATE</b>	2/1/07	<b>PHONE</b>	471-2526
<b>COMMENTS</b>					
DEPT. OF REVENUE – The agency analysis appears reasonable.					
DEPT. OF MOTOR VEHICLES – No basis upon which to disagree with the agency analysis.					