

Print

PREPARED BY: Doug Gibbs
DATE PREPARED: March 04, 2011
PHONE: 402-471-0051

LB 357

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|--|--------------|---------|--------------|---------|
| | FY 2011-12 | | FY 2012-13 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

LB 357 amends Nebraska Revised Statutes Sections 77-27,142 and 77-27,142.01.

Section 77-27,142 is amended to allow a municipality to impose a sales and use tax of up to two percent. Current law allows local option sales tax rates of one-half percent, one percent, and one and one-half percent. This section is also amended by striking obsolete language, including a requirement that the election commissioner file a certified copy of the election results with the Tax Commissioner of any election conducted to change the tax rate.

Section 77-27,142.01 is amended to require that in any election regarding the question of raising the sales and use tax, language be included describing the proposed use of the revenue to be raised.

There is no fiscal impact to the General Fund as a result of LB 357 and costs to administer are estimated to be minimal.

IMPACT TO POLITICAL SUBDIVISIONS:

The city of Omaha estimates that LB 357 would provide additional sales tax revenue of \$43,818,508 annually if the city was to implement a local option sales and use tax rate of two percent. However, the additional sales tax will also result in the automatic sunset provisions of the existing restaurant tax, which is budgeted at \$14,779,753 in revenue in 2011. The net increase in revenue to Omaha would be \$29,038,755 – assuming voter approval of the increase.

The city of Lincoln estimates that LB 357 would provide approximately \$19,000,000 in additional revenue, again assuming voter approval, based on current tax revenues of approximately \$57,000,000 from the current 1.5 percent sales tax.

The impact on other localities is indeterminate but it is assumed at least some will implement the new rate.

DEPARTMENT OF ADMINISTRATIVE SERVICES

| | | | | | |
|---|------------|------|--------|-------|----------|
| REVIEWED BY | Lyn Heaton | DATE | 3/8/11 | PHONE | 471-2526 |
| COMMENTS | | | | | |
| DEPARTMENT OF REVENUE: Concur. No direct impact on General Fund revenue or on the Department of Revenue expenses. | | | | | |

