

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See below		See below
CASH FUNDS		See below		See below
FEDERAL FUNDS				
OTHER FUNDS		See below		See below
TOTAL FUNDS		See below		See below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 284 adopts the Remote Seller and Marketplace Facilitator Act. The act requires remote sellers and marketplace facilitators to remit sales tax pursuant to the Nebraska Revenue Act of 1967 if the remote seller or marketplace facilitator (1) has a gross revenue from sales made or facilitated in Nebraska in excess of \$100,000; or (2) sold or facilitated sales of property in the state in 200 or more separate transactions.

The act does not require collection by remote seller or marketplace facilitators for sales prior to July 1, 2019. The bill contains the emergency clause, and the operative date is July 1, 2019.

The Department of Revenue estimates there is no fiscal impact from LB 284 because following the *South Dakota v. Wayfair* U.S. Supreme Court case, all sales tax revenue from sales by remote sellers and multivendor marketplace facilitators was included in the October 2018 forecast.

The Legislative Fiscal Office agrees that revenue from sales tax collected by remote sellers was accounted for in the October 2018 forecast, but only revenue from marketplace platforms who would collect and remit voluntarily was included. In the forecast, this revenue was estimated to be approximately half of the total revenue from sales tax collected by marketplace facilitators if collection was required by law. The total revenue from sales tax collection by marketplace facilitators is estimated to be \$17.5 million in FY 19-20 and \$20 million in FY 20-21. As a result, we estimate the fiscal impact of LB 284 is \$8.75 million in FY 19-20 and \$10 million in FY 20-21 as the remaining half of marketplace facilitators begin collecting and remitting sales tax as required by the bill's provisions.

The sales tax collected under LB 284 would be distributed as follows:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Total
2019-2020	\$7,659,896	\$306,797	\$54,140	\$8,020,833
2020-2021	\$9,550,000	\$382,500	\$67,500	\$10,000,000

The Department of Revenue estimates there will be minimal costs to implement this bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 284	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 1/29/2019	PHONE: (402) 471-4175	
COMMENTS: Concur with Department of Revenue's assessment of fiscal impact.			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 1/28/19	
Approved by: Tony Fulton		Date Prepared: 1/28/19	
		Phone: 471-5896	

LB 284 creates a sales tax reporting and collection obligation for remote sellers and marketplace facilitators, beginning July 1, 2019.

LB 284 provides that remote sellers and marketplace facilitators will have an obligation to collect and remit sales tax to the Department of Revenue if they have annual gross sales into Nebraska in excess of \$100,000 in total sales or 200 transactions during the prior calendar year. Marketplace facilitators are responsible for their direct sales and sales facilitated for marketplace sellers.

Fiscal Impact

The additional revenue attributable to the Wayfair case is already included in the October NEFAB forecast. Therefore, LB 284 will not bring in any additional money that was not accounted for in the General Fund revenues forecast. The Department has no method to precisely track or calculate all revenue attributable to internet sellers or sellers specifically motivated to begin collecting due to this proposal or the guidance provided by the Department after the Wayfair case. While the Department does know the totals remitted by retailers remitting taxes in Nebraska, and some retailers sell only over the Internet, many also make taxable sales both over the Internet and in retail stores. Also the Department cannot be certain based on name alone, who is selling over the Internet, making it impossible to precisely determine the total amount attributable to Internet sales.

It is estimated that there will be minimal costs to the Department to implement LB 284.

Major Objects of Expenditure

Class Code	Classification Title	19-20	20-21	21-22	19-20	20-21	21-22
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							