PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs March 14, 2013 402-471-0051

LB 581

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2013-14 FY 2014-15						
	EXPENDITURES	EXPENDITURES REVENUE EXPENDITURES					
GENERAL FUNDS	\$19,954	(\$ 15,000)		(\$ 24,000)			
CASH FUNDS		(\$ 382,000)		(\$ 589,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$19,954	(\$ 397,000)		(\$ 613,000)			

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

LB 581 amends Nebraska Revenue Act of 1967, Sections 77-2703 and 77-2708, regarding sales and use taxes.

The bill would change the collection fee for those retailers who collect sales and use taxes on motor vehicles to keep, in addition to the current 2.5% of the first \$3,000 remitted per month, an additional 0.5% of amounts in excess of \$3,000 per month.

			State Highway Capital	Highway Allocation Fund
Fiscal Year:	General Funds:	Highway Cash Fund:	Improvement Fund:	(Local):
2013-14:	(\$ 15,000)	(\$ 381,000)	(\$ 1,000)	(\$ 405,000)
2014-15:	(\$ 24,000)	(\$ 588,000)	(\$ 1,000)	(\$ 625,000)
2015-16:	(\$ 24,000)	(\$ 606,000)	(\$ 1,000)	(\$ 644,000)
2016-17:	(\$ 25,000)	(\$ 624,000)	(\$ 1,000)	(\$ 663,000)

The Department of Revenue indicates they will require a one-time programming charge of \$19,954 paid to the Office of the CIO for mainframe programming costs.

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

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates the following fiscal impact to the Highway Allocation Fund:

FY2013-14: (\$405,000) FY2014-15: (\$625,000) FY2015-16: (\$644,000) FY2016-17: (\$663,000)

The Department also estimates that counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$770,000, \$1,189,000, and \$1,225,000 in fiscal years 2013-14, 2014-15, and 2015-16, respectively.

State Agency Estimate						
State Agency Name: Department of	of Revenue				Date Due LFA:	03/18/2013
Approved by: Douglas Ewald		Date Prepared:	03/18/2013		Phone: 471-5896	
	FY 2013-	2014	FY 201	4-201 <u>5</u>	FY 20	15-2016
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$19,954	(\$15,000)		(\$24,000)		(\$24,000)
Cash Funds		(\$786,000)		(\$1,213,000)		(\$1,250,000)
Federal Funds						
Other Funds		(\$1,000)		(\$1,000)		(\$1,000)
Total Funds	\$19,954	(\$802,000)		(\$1,238,000)		(\$1,275,000)
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LB 581 increases the sales and use tax collection fees for motor vehicles, including leased motor vehicles, from 2.5% on the first \$3,000 remitted per month to 2.5% on the first \$3,000 remitted per month, plus an additional 0.5% on all amounts remitted above \$3,000 per month.

Assuming that the bill becomes effective on October 1, 2013, the estimated impact of the increase in the collection fee is expected to be as follows:

					State I	State Highway		
					Capita	.1		
			Hig	hway Trust	Impro	vement	Higl	nway
	Gene	ral Funds	Fun	d	Fund		Allo	cation Fund
FY 2013-2014	\$	(15,000)	\$	(381,000)	\$	(1,000)	\$	(405,000)
FY 2014-2015	\$	(24,000)	\$	(588,000)	\$	(1,000)	\$	(625,000)
FY 2015-2016	\$	(24,000)	\$	(606,000)	\$	(1,000)	\$	(644,000)
FY 2016-2017	\$	(25,000)	\$	(624,000)	\$	(1,000)	\$	(663,000)

Counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$0.770 million, \$1.189 million, and \$1.225 million in fiscal years FY 2013-14, FY 2014-15, and FY 2015-16, respectively.

LB 333 will require a one-time programming charge of \$19,954 paid to the OCIO for mainframe programming costs.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
Benefits							
Operating Costs					\$19,954		
Travel							
Capital Outlay							
Aid							
Capital Improvements							
					\$19,954		

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State Agency OR Political Subdivision Name: (2)		Nebraska Department of Roads						
Prepared by: (3)	Prepared by: (3) Becky Fleming		2/4/13	Phone: (5)	402-479-4692			
	ESTIMATE PROVIDE	ED BY STATE AGENC	CY OR POLITICAL SU	BDIVISIO	N			
	<u>FY 20</u> EXPENDITURES	013-14 REVENUE	EXPENDITUR	<u>FY 2014-</u> ES	15 REVENUE			
GENERAL FUN								
CASH FUNDS		(\$431,000)			(\$431,000)			
FEDERAL FUNI	OS							
OTHER FUNDS								
TOTAL FUNDS		(\$431,000)			(\$431,000)			
Return by date spe	cified or 72 hours prior to public	hearing, whichever is ear	lier.					

Explanation of Estimate:

LB 581 changes the monthly collection fee that is retained by persons collecting the sales and use tax:

From 2 1/2% of the first \$3,000 remitted

To 2 1/2% of the first \$3,000 remitted and 1/2% of all amounts in excess of \$3,000

Sales tax on motor vehicles are collected by county treasurers and remitted to the Highway Trust Fund with the Highway Cash Fund receiving 53 1/3% of this revenue.

Based on FY2012 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$431,000 annually. Cities and counties would lose \$458,000.

MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
POSITION TITLE	NUMBER OF <u>13-14</u>	POSITIONS 14-15	2013-14 <u>EXPENDITURES</u>	2014-15 EXPENDITURES				
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								