

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS		See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 1031 amends the Nebraska Revenue Act of 1967.

The bill adds new language to the Act to provide for a decrease in individual income tax rates in order to reduce total income tax revenue by half of the amount the state collects in sales and use tax in the event that the federal government passes legislation that expands the state's authority to require out-of-state retailers to collect and remit sales and use tax. The Department of Revenue is to determine the amount so collected in the first twelve months following the date the state begins collecting any additional revenue as a result of federal legislation.

In addition, half of any additional revenue collected as a result of federal legislation to expand the states authority to require out-of-state retailers to collect and remit Nebraska sales and use tax as determined by the Department of Revenue is to be credited to the Property Tax Credit Cash Fund.

The bill also exempts any of the additional sales and use tax revenue so collected from being credited to the State Highway Capital Improvement Fund or the Highway Allocation Fund.

Because the provisions of LB 1031 are dependent on the actions of an outside agency which cannot be predicted with any certainty, there is no way to estimate when any fiscal impact would occur.

The Department of Revenue estimates that if federal law did allow Nebraska to require out-of-state retailers to collect and remit sales tax on purchases made by Nebraska residents, the potential revenue would be approximately \$35 - \$50 million annually.

For fiscal years following certification by the Department of Revenue and the one-time transfer to the Property Tax Credit Cash Fund, sales tax collected by out-of-state retailers would result in an undeterminable increase to the General Fund, State Highway Capital Improvement Fund, and State Highway Allocation Fund.

The Department of Revenue indicates the cost to implement LB 1031 will require a one-time programming cost of \$39,760 paid to the office of the CIO for mainframe development and web development if the federal law is enacted.

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

