

PREPARED BY: Sandy Sostad
 DATE PREPARED: February 18, 2014
 PHONE: 471-0054

LB 1025

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$72,670	(\$29,723,000)		(\$78,469,000)
CASH FUNDS				
FEDERAL FUNDS				
TRUST FUNDS	See Below	\$29,723,000	See Below	\$78,249,000
TOTAL FUNDS	\$72,670	0		0

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

LB 1025 provides for the proceeds of the sales and use taxes derived from transactions occurring after January 1, 2015 from online purchases to be credited to the Nebraska Educational Trust Fund. This excludes proceeds credited to the Highway Trust Fund, State Highway Capital Improvement Fund and Highway Allocation Fund.

The Educational Trust Fund is created in the bill to provide a dedicated source of revenue to stabilize the total amount of state aid to schools under the Tax Equity and Educational Opportunities Support Act (TEEOSA). LB 1025 provides for the Legislature to transfer funds from the Educational Trust Fund to fund TEEOSA aid whenever the Legislature determines it is necessary to provide additional funding for TEEOSA.

Revenues: The Department of Revenue estimates that 8 – 10% of all retail sales are online sales. The department projects a loss of revenue to the General Fund of \$29,723,000 in FY15, \$78,469,000 in FY16 and \$86,316,000 in FY17 assuming sales taxes are collected for online sales. The Educational Trust Fund will have increased revenue of a like amount. It is unknown when the funds will be expended by the Legislature for TEEOSA aid and to what extent trust funds will be used to offset future general fund requirements for TEEOSA aid.

Expenditures: The Department of Revenue will have one-time computer programming expenses of \$72,670 of general funds in FY15 related to changes in programming for the mainframe, web development, and programming to allow retailers to report online sales tax collections separately from other sales.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 1025	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Lyn Heaton		DATE: 2/27/2014	PHONE: 402.471.4181
COMMENTS: No operational fiscal impact on the Department of Education.			

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2014

LB⁽¹⁾ 1025

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

NDE/School Finance & Organization Services

Prepared by: ⁽³⁾ Wilson/Inbody

Date Prepared: ⁽⁴⁾ January 23, 2014

Phone: ⁽⁵⁾ 1-3323

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: LB 1025 would cost the state a large amount of revenue to get the fund started but would help level TEEOSA funding, eliminating some of the valleys TEEOSA has experienced over the past several years. The fiscal impact cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

