

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$19,600	(\$8,131,000)	\$0	(\$20,301,000)
CASH FUNDS		(\$481,000)		(1,195,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$19,600	(\$8,612,000)	\$0	(\$21,496,000)

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

LB 723 amends the Nebraska Revenue Act of 1967, Sections 77-2703 and Section 77-2708, regarding sales and use taxes.

The bill would increase the fee kept by retailers for collecting the sales and use tax.

At present, the collection fee is 2.5% of the first \$3,000 remitted each month. LB 723 changes this to 5.0% on the first \$3,000 and adds an additional 2.5% on the next \$3,000 remitted each month. The proposed increase is to take effect for all sales and use tax collected after January 1, 2017.

The Department of Revenue estimates the following fiscal impact to the following funds:

Fiscal Year:	General Fund:	Highway Cash Fund:	State Highway Capital Improvement Fund:	Highway Allocation Fund: (Local)	State Visitors Promotion Cash Fund:	Tobacco Products Administration Cash Fund:
2016-17:	(\$ 8,131,000)	(\$ 34,000)	(\$ 329,000)	(\$ 94,000)	(\$ 71,000)	(\$ 47,000)
2017-18:	(\$ 20,301,000)	(\$ 81,000)	(\$ 822,000)	(\$ 231,000)	(\$ 178,000)	(\$ 114,000)
2018-19:	(\$ 21,119,000)	(\$ 81,000)	(\$ 855,000)	(\$ 237,000)	(\$ 186,000)	(\$ 115,000)
2019-20:	(\$ 21,970,000)	(\$ 81,000)	(\$ 889,000)	(\$ 243,000)	(\$ 194,000)	(\$ 116,000)

The Department estimates that the bill will require a one-time programming charge of \$19,600 paid to the Office of the CIO for mainframe programming costs.

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

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates that counties remitting motor vehicle sales taxes are expected to see an increase in their collection fees of \$0.070 million for FY16-17, \$0.167 million for FY17-18, and \$0.167 for FY18-19.

The impact to the Highway Allocation Fund would be as follows:

FY2016-17:	(\$ 94,000)
FY2017-18:	(\$ 231,000)
FY2018-19:	(\$ 237,000)
FY2019-20:	(\$ 243,000)

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA: 01/20/2016

Approved by: Tony Fulton

Date Prepared: 01/14/2016

Phone: 471-5896

	FY 2016-2017		FY 2017-2018		FY 2018-2019	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$19,600	(\$8,131,000)		(\$20,301,000)		(\$21,119,000)
Cash Funds		(\$481,000)		(\$1,195,000)		(\$1,237,000)
Federal Funds						
Other Funds		(\$94,000)		(\$231,000)		(\$237,000)
Total Funds	\$19,600	(\$8,706,000)		(\$21,727,000)		(\$22,593,000)

LB 723 increases sales and use tax collection fees for retailers from two and one-half percent of the first three thousand dollars remitted each month to five percent of the first three thousand dollars remitted each month and two and one-half percent of the next three thousand dollars remitted each month.

The collection fee would change January 1, 2017.

The estimated impact of LB 723 on the following funds would be as follows:

Fiscal Year	General Funds	Highway Cash Fund	State Highway Capital Improvement Fund	Highway Allocation Fund (Cities and Counties)	State Visitors Promotion Cash Fund	Tobacco Products Administration Cash Fund
FY 2016-17	(\$8,131,000)	(\$34,000)	(\$329,000)	(\$94,000)	(\$71,000)	(\$47,000)
FY 2017-18	(\$20,301,000)	(\$81,000)	(\$822,000)	(\$231,000)	(\$178,000)	(\$114,000)
FY 2018-19	(\$21,119,000)	(\$81,000)	(\$855,000)	(\$237,000)	(\$186,000)	(\$115,000)
FY 2019-20	(\$21,970,000)	(\$81,000)	(\$889,000)	(\$243,000)	(\$194,000)	(\$116,000)

Counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$0.070 million, \$0.167 million, and \$0.167 million in FY 2016-17, FY 2017-18, and FY 2018-19, respectively.

The bill will require a one-time programming charge of \$19,600 paid to the OCIO for mainframe programming costs.

Major Objects of Expenditure

Class Code	Classification Title	16-17	17-18	18-19	16-17	17-18	18-19
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....				\$19,600		
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....				\$19,600		

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2016

LB⁽¹⁾ 723

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Roads

Prepared by: ⁽³⁾ Becky Fleming

Date Prepared: ⁽⁴⁾ 1/11/16

Phone: ⁽⁵⁾ (402) 479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(34,089)	_____	(81,164)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>(34,089)</u>	<u>_____</u>	<u>(81,164)</u>

Explanation of Estimate:

LB 723 changes the sales and use tax collection fees. Effective January 1, 2017 the collector will be allowed to retain the following:

Before January 1, 2017 – 2 1/2% of the first \$3,000 remitted

On and after January 1, 2017 – 5% of the first \$3,000 remitted and 2 1/2% of the next \$3,000 remitted

Sales tax of 5 1/2% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Fund which is distributed 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation Fund (for the cities and counties equally). The revenue from the 1/2% sales tax is remitted to the Highway Allocation Fund.

	<u>FY 2016-17</u>	<u>FY2017-18</u>
Additional retained by Counties	\$62,547	\$167,400
Loss to Highway Cash Fund	(\$34,089)*	(\$ 81,164)
Loss to Highway Allocation Fund	(\$24,458)*	(\$ 86,236)

(*Hwy Cash Fund calculated as 5/12 of annual and Hwy Alloc Fund calculated as 4/12 of annual)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____