PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 13, 2013 402-471-0051

LB 613

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	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$10,000					
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$10,000					

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

LB 613 creates the Tax Modernization Commission.

The Commission is to consider the following six elements for successful tax modernization: a) Fairness; b) Competitiveness; c) Simplicity and Compliance; d) Stability; e) Adequacy; and f) Complementary tax systems.

The Commission is to: meet at least bimonthly; hold hearings throughout the state to receive input; utilize online questionnaires and other internet-based solutions to receive public input; and hold a tax summit to which the public is invited to participate. At least one meeting of the Commission is to be held concurrently with a meeting of the Legislative Council.

They shall also examine previous tax studies including the Comprehensive Tax Study conducted by Syracuse University (1988) and the Tax Policy and Reform Commission study (2007). They may also request information from any state agency or political subdivision that is relevant to the Commission's work.

The Commission is to issue a preliminary report to the Executive Board of the Legislature by December 15, 2013 and a final report to the Executive Board, the Revenue Committee, and the Governor by November 15, 2014. The reports are to contain the Commission's findings and recommendations for legislation to modernize state and local tax policy and the corresponding language for legislation.

The Commission will consist of thirteen members including, the Speaker of the Legislature, chair and vice-chair of the Revenue Committee, chair and vice-chair of the Appropriations Committee, chair of the Health and Human Services Committee, chair of the Education Committee, chair of the Planning Committee. In addition, the Tax Commissioner, Property Tax Administrator, Legislative Fiscal Analyst, and two academic tax experts employed by a Nebraska university who are to serve as ex officio members of the Commission.

Employees of the Department of Revenue, Revenue Committee, and Fiscal Analyst's office shall be available to the Commission to assist it in carrying out its work.

Members of the Commission are to be reimbursed for their actual and necessary expenses.

We estimate a fiscal impact of \$10,000 to the General Fund as a result of LB 613. This is to cover printing, expense reimbursement, travel, and the required tax summit.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: <mark>613</mark>	AM:	AGENCY/POLT. SUB: Dept. of Revenue				
REVIEWED BY: Lyn Heaton			DATE: 2/14/2013	PHONE: 402.471.4181		
COMMENTS: LB 613 does not establish any specific new duties and responsibilities for the Dept. of Revenue that go						
beyond their current research capabilities. Though it is not unreasonable to expect that the staff time devoted to this						
commission could limit or delay other research assignments. Concur with the department's analysis of minimal fiscal impact.						

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFA:	1/31/13	
Approved by: Douglas Ewald		Date Prepared:	2/12/13		Phone: 471-5896		
FY 2013-20		<u>3-2014</u>	FY 2014-2015		FY 2015-2016		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$0		\$0		\$0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$0		\$0		\$0	

LB 613 establishes the Tax Modernization Commission (commission) to provide recommendations to the Legislature and Governor to modernize state and local tax policy by considering specified elements of tax modernization, examining prior tax studies, and soliciting public comments via state-wide public hearings, online questionnaires and other Internet-based solutions, and a tax summit.

The Tax Commissioner and Property Tax Administrator will serve as ex-officio members of the commission. The Department of Revenue employees will also be available to the Tax Modernization Commission to assist the commission in carrying out its duties. The Department must fulfill requests for information from the commission within 30 days of the request.

The commission will issue preliminary findings and recommendations to the Executive Board, Revenue Committee, and Governor by December 15, 2013. The commission will issue its final report by November 15, 2014; the final report must contain recommendations to modernize state and local tax policy, propose language for legislation, and other areas of concern that require additional analysis and study.

There is no revenue impact associated with this bill.

It is estimated that Departmental cost to implement this bill is minimal.

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
Operating Costs. Travel.							
Capital Outlay							
Total							