

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				
CASH FUNDS		\$45,723		\$53,583
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$45,723		\$53,583

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

LB 851 amends a number of sections of Nebraska Revised Statutes dealing with revenue and taxation.

Sections 60-366 and 60-367 are amended to provide that the Department of Revenue or the Department of Motor Vehicles may make a determination that a business entity organized under the laws of another state or country that owns or holds the title to a recreational vehicle is a shell company used to avoid proper registration of the vehicle in Nebraska. The new language includes factors that either department may consider in making such a determination; that the determination is a rebuttable presumption; provides that if such a determination is made the purchase of the vehicle is subject to Nebraska sales or use tax; provides for an appeal process; and specifies a penalty.

Section 66-482 is amended to remove a reference to the Ethanol Production Incentive Credit Program in the definition of ethanol facility.

Section 77-1030 is amended to require a municipality to notify the Department of Revenue on or before January 1 immediately following the certification of an application for a project under the Nebraska Advantage Transformational Tourism and Redevelopment Act. For projects certified prior to the operative date of LB 851 the certifying municipality is to notify the Department by January 1, 2015.

The bill amends Section 77-2709 to allow the Department of Revenue to issue a deficiency for sales tax within six years (current period is five years) following the period for which the amount is proposed to be determined if the return is not filed, is fraudulent, or the tax is underreported by more than 25% on the return.

Section 77-2793 is changed to provide that any claim for a refundable credit shall be filed by the taxpayer within three years after the due date of the return for the year in which the refundable credit was allowed.

Amends Section 77-27,119 to allow the Department of Revenue to share information with the Department of Insurance regarding the authorization or use of tax credits under the New Markets Job Growth Investment Act.

The bill contains the emergency clause.

The Department of Revenue estimates the following impact to the Highway Trust Fund (Cash):

FY2014-15: \$45,470
 FY2015-16: \$53,330
 FY2016-17: \$61,570

We agree with the Department of Revenue's estimate of fiscal impact.

The Department of Motor Vehicles estimates the following impact to the Highway Trust Fund (Cash):

FY2014-15: \$20
 FY2015-16: \$20

We disagree with the Department of Motor Vehicles estimate and believe their estimate is incorrectly allocated. We estimate the impact to the Highway Trust Fund as follows:

FY2014-15: \$253
 FY2015-16: \$253

Cost to implement the provisions of LB 851 should be minimal.

IMPACT TO POLITICAL SUBDIVISIONS:

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

FY2014-15: \$48,430
FY2015-16: \$56,670
FY2016-17: \$65,430

We agree with the Department of Revenue's estimate of fiscal impact.

The Department of Motor Vehicles estimates the following fiscal impact to local political subdivisions as a result of LB 851:

FY2014-15: \$4,911
FY2015-16: \$4,911

We disagree with the Department of Motor Vehicles estimate and believe their estimate to be incorrectly allocated. We estimate the impact as follows:

FY2014-15: \$4,678
FY2015-16: \$4,478

We estimate total fiscal impact to the state and local political subdivisions is as follows:

FY2014-15: \$ 98,931
FY2015-16: \$114,931
FY2016-17: \$131,931

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 851	AM:	AGENCY/POLT. SUB: Motor Vehicles
REVIEWED BY: Lyn Heaton	DATE: 1/21/2013	PHONE: 402.471.4181
COMMENTS: The Department of Motor Vehicles' estimate with respect to motor vehicle taxes, based on an assumption of 10 assessments under the proposed enhanced enforcement mechanism, appears reasonable.		

NEBRASKA DEPARTMENT OF MOTOR VEHICLES

Prepared by: Gary Ryken Date Prepared: 21-Jan-14 Phone: 471-3902 Fax: 471-9594
 Email: gary.ryken@nebraska.gov

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2014-2015		FY 2015-2016	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$ 20		\$ 20
FEDERAL FUNDS				
OTHER FUNDS		\$ 4,911		\$ 4,911
TOTAL FUNDS	\$ -	\$ 4,931	\$ -	\$ 4,931

Explanation of Estimate:

LB 851 provides that if it is determined that a limited liability company is a shell corporation used to avoid proper registration of recreational vehicles in Nebraska that the RV must be registered in Nebraska.

The Department of Revenue has estimated that there could be 10 "assessments" per year that would be required to properly pay all registration and sales tax due to Nebraska. The amount of motor vehicle tax, motor vehicle fee and registration fee that would be collected from the additional registrations per year would be negligible compared to the total collected. It is estimated that an additional \$4,386 in MV Tax, \$70 MV Fee and \$475 in registration fees would be collected each year.

There would be no fiscal impact to implement.

POSITION TITLE	MAJOR OBJECTS OF EXPENDITURE		FY 2014-2015	FY 2015-2016
	NUMBER OF POSITIONS		EXPENDITURES	EXPENDITURES
	14-15	15-16		
Benefits				
Operating				
Travel				
Capital Outlay				
Aid				
Capital Improvements				
Total			\$ -	\$ -

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFA: 1/21/2014
 Approved by: Kim Conroy Date Prepared: 1/21/2014 Phone: 471-5896

	FY 2014-2015		FY 2015-2016		FY 2016-2017	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds						
Cash Funds		\$94,000		\$110,000		\$127,000
Federal Funds						
Other Funds						
Total Funds		\$94,000		\$110,000		\$127,000

LB 851 limits the period of time a person may claim a refundable tax credit to three years from the due date of the return for the year in which the return was allowable; allows the Department of Revenue to issue a deficiency for sales tax within six years after the last day of the calendar month following the period for which the amount is proposed to be determined if the return is not filed, the return is fraudulent, or underreports sales and use tax on the return by more than 25%; eliminates Nebraska Advantage reporting requirements on the total number of employees employed in the state prior to the application date and in subsequent years; allows the Department of Revenue to share information with the Department of Insurance for purposes of the New Markets Job Growth Investment Act; defines an ethanol facility as a plant which produces agricultural ethyl alcohol and removes a reference to the Ethanol Production Incentive Credit Program; and requires a city to notify the Department of Revenue of certified Nebraska Advantage Transformational Tourism and Redevelopment Act project.

LB 851 creates a rebuttable presumption that the resident operator of a recreational vehicle that is registered in another state and owned by a limited liability company, partnership, corporation, or other business entity, is the actual owner of the recreational vehicle and liable for all applicable taxes and fees that are due and establishes a penalty for failing to pay the taxes due. The penalty is credited to the Highway Trust Fund.

This bill has an emergency clause and would be effective immediately.

It is estimated that there would be a positive fiscal impact to Cash Funds due to the sales tax collected from resident owners of recreational vehicles as follows:

	Highway Trust Fund	Highway Allocation Fund	Total
FY 2014-15	\$ 45,570	\$ 48,430	\$ 94,000
FY 2015-16	\$ 53,330	\$ 56,670	\$ 110,000
FY 2016-17	\$ 61,570	\$ 65,430	\$ 127,000

It is estimated that the cost to the Department will be minimal.

