

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1108 amends Nebraska Revised Statutes Section 77-2704.22, regarding sales and use taxes exemptions.

The bill adds language to the already existing sales and use taxes exemption regarding the sale, lease, or rental of manufacturing machinery and equipment and the installation, repair, and maintenance services performed with respect to such machinery or equipment by stating that the exemption applies “without regard to the percentage of income a company derives from the use of such machinery and equipment.”

The bill has an operative date of October 1, 2012.

As the bill is written it has no fiscal impact as the new language only applies to the exemption section and does not alter any other existing definitions.

NOTE: The Department of Revenue indicates that they believe the intent of the bill appears to be an attempt to change the definition of “manufacturer” as one who derives more it its revenue from manufacturing than any other line of business based on revenue. It may also be intended to eliminate the requirement that equipment with multiple uses be used for manufacturing more than 50% of the time to qualify for the exemption. This language in LB 1108 is in the exemption section, but LB 1108 does not change who is considered to be a manufacturer or what manufacturing is. As a result, the Department interprets the bill as written as having no General Fund impact.

The Department estimates the cost to implement LB 1108 as written to be minimal.