PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 17, 2015 402-471-0051

**LB 256** 

Revision: 00

# **FISCAL NOTE**

#### **LEGISLATIVE FISCAL ANALYST ESTIMATE**

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	5-16	FY 20	16-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$10,888	\$874,000	\$0	\$1,548,000				
CASH FUNDS		\$87,461,000		\$154,914,000				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$10,888	\$88,335,000	\$0	\$156,462,000				

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

LB 256 amends the Nebraska Revenue Act of 1967, Section 77-2701.02, to increase the state sales tax rate from 5.5% to 6.0% beginning October 1, 2015.

The bill also directs that one-half of one percent of sales and use taxes be credited monthly to the Property Tax Credit Cash Fund, also beginning October 1, 2015. Sales and use taxes derived from the sale or lease of motorboats, personal watercraft, all-terrain vehicles, utility-type vehicles, motor vehicles, trailers, and semitrailers are not included in this requirement.

#### We estimate the following fiscal impact:

	Property Tax Credit	Highway Allocation	Game & Parks Commission Capital	
Fiscal Year:	Cash Fund:	Fund: (Local)	Maintenance Fund:	General Fund:
2015-16:	\$ 87,361,000	\$ 18,426,000	\$ 100,000	\$ 874,000
2016-17:	\$ 154,789,000	\$ 19,163,000	\$ 125,000	\$ 1,548,000
2017-18:	\$ 161,830,000	\$ 19,236,000	\$ 137,000	\$ 1,618,000
2018-19:	\$ 169,112,000	\$ 19,882,000	\$ 150,000	\$ 1,691,000

The Department of Revenue estimates the following fiscal impact:

	Property Tax Credit	Highway Allocation		
Fiscal Year:	Cash Fund:	Fund: (Local)	Highway Cash Fund:	General Fund:
2015-16	\$ 87,361,000	\$ 9,493,000	\$ 8,933,000	\$ 874,000
2016-17	\$ 154,789,000	\$ 9,872,000	\$9,291,000	\$ 1,548,000
2017-18	\$ 161,830,000	\$ 9,910,000	\$ 9,326,000	\$ 1,618,000
2018-19	\$ 169,112,000	\$ 9,728,000	\$ 9,154,000	\$ 1,691,000

The Department of Revenue indicates a cost of \$10,888 for a one-time programming charge paid to the Office of the CIO for mainframe development costs to change the sales tax rate.

We disagree with the Department of Revenue's estimate of fiscal impact as to allocation of revenue to the Highway Cash Fund.

We agree with the Department of Revenue's estimate of cost.

#### **IMPACT TO POLITICAL SUBDIVISIONS:**

We estimate the following fiscal impact to the Highway Allocation Fund:

FY2015-16: \$ 18,426,000 FY2016-17: \$ 19,163,000 FY2017-18: \$ 19,236,000 FY2018-19: \$ 19,882,000

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 256 AM: AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton			DATE: 2/19/2015	PHONE: 471-4181	
COMMENTO ALL IN THE STATE OF TH					

COMMENTS: No basis upon which to disagree with the Department of Revenue's estimate of total additional tax revenue. The distribution of the additional tax revenue would be governed by the bill's amendment to section 77-27,132, which includes the Game and Parks Commission Capital Maintenance Fund, the Highway Trust Fund, the Highway Allocation Fund, the State Highway Capital Improvement Fund, and the Property Tax Credit Cash Fund.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 256 AM: AGENCY/POLT. SUB: Motor Vehicles					
REVIEWED BY: Lyn Heaton			DATE: 2/18/2015	PHONE: 471-4181	
COMMENTS: Concur. No fiscal impact on the Dept. of Motor Vehicles.					

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:		
Approved by: Len Sloup		Date Prepared:	1/27/2015		Phone: 471-5896		
FY 2015-2016		5-201 <u>6</u>	FY 2016-2017		FY 2017-2018		
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	<b>Expenditures</b>	Revenue	
General Funds	\$10,888	\$874,000		\$1,548,000		\$1,618,000	
Cash Funds		\$105,787,000		\$173,952,000		\$181,066,000	
Federal Funds							
Other Funds							
Total Funds	\$10,888	\$106,661,000		\$175,500,000		\$182,684,000	

LB 256 increases the state sales tax rate from 5.5% to 6.0% and credits all sales tax proceeds generated by this increase in the state sales tax rate to the Property Tax Credit Cash Fund (Fund) for transactions occurring on or after October 1, 2015. The transfer of sales tax proceeds to the Fund does not include sales tax proceeds from the sale or lease of motor vehicles, motorboats, personal watercraft, all-terrain vehicles, and utility-type vehicles.

LB 256 is estimated to increase the following funds:

	Property Tax Credit Fund	Highway Allocation Fund		Highway Cash Fund		General Fund	
FY2015-2016	\$ 87,361,000	\$	9,493,000	\$	8,933,000	\$	874,000
FY2016-2017	\$ 154,789,000	\$	9,872,000	\$	9,291,000	\$	1,548,000
FY2017-2018	\$ 161,830,000	\$	9,910,000	\$	9,326,000	\$	1,618,000
FY2018-2019	\$ 169,112,000	\$	9,728,000	\$	9,154,000	\$	1,691,000

LB 256 will require a one-time programming charge of \$10,888 paid to the OCIO for mainframe development costs to change the sales tax rate.

Major Objects of Expenditure										
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 <u>Expenditures</u>	16-17 <u>Expenditures</u>	17-18 Expenditures			
Operating Costs					\$10,888	\$0	\$0			
Travel										
Capital Outlay										
Aid										
Capital Improvemen	nts									
T-4-1					\$10,888	\$0	\$0			

## LB 256 FISCAL NOTE

### NEBRASKA DEPARTMENT OF MOTOR VEHICLES

Prepared by: Gary R	yken Date	Prepared:	19-Feb-15	Phone: 4/1-3902	Fax: 4/1-3920
				Email: gary.ryken@n	ebraska.gov
	ESTIMATE PROVI	DED BY STATE	AGENCY OR POLITIC	CAL SUBDIVISION	
	FY 201:	<u>5-2016</u>		FY 2016	5-2017
	EXPENDITURES	REVENUE		EXPENDITURES	REVENUE
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	\$ -	\$ -		\$ -	\$ -

Explanation of Estimate:

No fiscal impact is anticipated.

MAJOR OBJECTS OF EXPENDITURE								
	NUMBER OF POSITIONS			FY 2015-2016		FY 2016-2	2017	
	POSITION TITLE	<u>15-16</u>	<u>16-17</u>	<u>]</u>	<u>EXPENDITURES</u>		EXPENDIT	URES
				_		_		
				_	_	_		
Benefits				····· <u> </u>		_		
Operating				····· <u> </u>		_		
Travel						_		
Capital Outlay				····· <u> </u>		_		
Aid				····· <u> </u>		_		
Capital Improv	rements			····· _		_		
	Total			•	s -		2	_