PREPARED BY: DATE PREPARED: PHONE: Douglas Gibbs January 16, 2018 402-471-0051

**LB 884** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	8-19	FY 2019-20					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$53,708		\$0					
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$53,708		\$0					

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

LB 884 amends Nebraska Revised Statutes regarding the county sales tax.

Section 13-319 is amended to add permissible uses of the sales tax by a county that imposes such a tax. These new uses are for economic development or for manufacturing or industrial site development. It also amends the statute to provide that the county sales tax would apply in all areas of the county and would be in addition to any sales tax imposed by a municipality within that county.

Section 13-320 is amended to provide a definition of economic development and a definition of manufacturing or industrial site development.

Section 13-324 is amended to strike language referring to boundary changes or the adoption of a sales tax by an incorporated municipality that affects a county sales tax is to be governed by subsections (3) through (10) of 77-27,143.

The bill has an operative date of January 1, 2019.

The Department of Revenue has indicated they will require a one-time programming charge of \$53,708 paid to the Office of the CIO for mainframe development and web development.

The Department of Revenue estimates that LB 884 will have no impact to General Fund revenue.

We have no basis to disagree with the Department's estimate of fiscal impact or cost.

## IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials (NACO) indicates no fiscal impact until a county's voters choose to approve a measure to enact the sales tax provided for in LB 884. In the event of such approval there would be a positive impact to county revenue.

Dependent on the county this impact would range from minimal to rather substantial. For example, net taxable sales in Lancaster County in 2016 were \$3,901,456,502 while net taxable sales in Arthur County were \$1,435,129. The amount of additional revenue that could be received by a county would also depend on the level of local option sales tax levied, one-half percent, one percent, or one and one-half percent.

LB 884 Fiscal Note 2018

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				Date Due LFA:	01/16/2018
Approved by: Tony Fulton Date Prepared:		01/10/2018		Phone: 471-5896	
FY 2018-2019		FY 2019-2020		FY 2020-2021	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
\$ 53,708		\$0		\$0	
\$ 53,708		\$0		\$0	
	Expenditures \$ 53,708	FY 2018-2019  Expenditures Revenue  \$ 53,708	FY 2018-2019         FY 2019           Expenditures         Revenue         Expenditures           \$ 53,708         \$0	FY 2018-2019         FY 2019-2020           Expenditures         Revenue           \$ 53,708         \$0	FY 2018-2019         FY 2019-2020         FY 202           Expenditures         Revenue         Expenditures         Revenue         Expenditures           \$ 53,708         \$0         \$0         \$0

LB 884 amends Neb. Rev. Stat. § 13-319 to allow a county to impose a sales tax on top of the local sales tax of a municipality located within that county. The bill also expands the list of permissible uses for county sales tax revenue to include economic development and manufacturing or industrial site development. Economic development is defined as "encouraging immigration, new industries, and investment and conducting a publicity campaign, including a publicity campaign conducted for the purpose of exploiting and advertising the various agricultural, horticultural, manufacturing, commercial, and other reasons of the county." Manufacturing or industrial site development is defined as "developing sites to be used for manufacturing or industrial purposes, including the costs of site improvements such as drainage, water, storm and sanitary sewers, grading, streets, and other facilities and structures incidental to the use of such sites for manufacturing or industrial purposes."

LB 884 will require a one-time programming charge of \$53,708 paid to the OCIO for mainframe development and web development.

It is estimated that this bill will have no impact on General Fund revenues.

The operative date for this bill is January 1, 2019.

Major Objects of Expenditure							
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 Expenditures	20-21 Expenditures
D							
Benefits Operating Costs					\$ 53,708		
Travel							
	nts						
Capital Improvements				\$ 53,708			

LB <sup>(1)</sup> 884						FISCAL NOTE			
State Agency OR F	Political Subdivision Name: (2)	Nebraska Association of County Officials (NACO)							
Prepared by: (3)	Elaine Menzel	Date F	Prepared: (4)	1/16/2018	Phone: (5)	402.434.5660			
	ESTIMATE PROVI	DED BY ST	ATE AGENO	CY OR POLITIC	CAL SUBDIVISIO	DN			
	F\	/ 2018-19			FY 2019	-20			
	<u>EXPENDITURE</u>		<u>EVENUE</u>	EXPEND	DITURES	REVENUE			
GENERAL FUN	DS			_					
CASH FUNDS		<u> </u>							
FEDERAL FUN	DS	_							
OTHER FUNDS									
TOTAL FUNDS									
Explanation of E	estimate:								
I D 004		(b		-1		and the the			
	ncrease the area within t ather than just the area o								
Additionally, us	act such tax, there is a poses for the county sales to or industrial site develop	ax would be	•			ment or			
		WN BY MAJ	OR OBJECT	S OF EXPEND	<u>ITURE</u>				
Personal Service		NUMBER OF	POSITION	S 201	8-19	2019-20			
POSIT	TON TITLE	<u>18-19</u>	<u>19-20</u>		DITURES	EXPENDITURES			
			-						
Benefits									
Capital outlay									
	ments								
TOTAL									