PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 27, 2017 402-471-0051

LB 531

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2017-18		FY 2018-19				
	EXPENDITURES	REVENUE	EXPENDITURES	OITURES REVENUE			
GENERAL FUNDS	\$12,953		\$0				
CASH FUNDS		(\$409,500)		(\$629,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$12,953	(\$409,500)	\$0	(\$629,000)			

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

LB 531 amends Nebraska Revised Statutes Section 77-2703 regarding the sales tax collection fee for motor vehicles.

The bill provides that the county treasurer shall deduct from the amount of motor vehicle sales tax to be remitted to the Tax Commissioner, in addition to the collection fee permitted to be deducted by a retailer, an additional one-half of one percent of all amounts in excess of \$3,000 remitted each month.

The Department of Revenue estimates, assuming an operative date of October 1, 2017, the following fiscal impact:

Fiscal Year:	Highway Cash Fund:	Highway Allocation Fund : (Local)
2017-18:	(\$ 469,000)	(\$ 499,000)
2018-19:	(\$ 732,000)	(\$ 778,000)
2019-20:	(\$ 761,000)	(\$ 809,000)
2020-21:	(\$ 791,000)	(\$ 841,000)

The Department of Revenue indicates a cost of \$12,953 for a one-time programming charge paid to the Office of the CIO for development costs.

We have no basis to disagree with the Department of Revenue's estimate of cost.

The Department of Roads estimates that LB 531 will result in a loss to the Highway Cash Fund in FY2017-18 of \$350,000 and \$526,000 in FY2018-19.

IMPACT TO POLITICAL SUBDIVISIONS:

The Department of Revenue estimates that counties remitting motor vehicle sales tax will see an increase in their collections fees as follows:

FY2017-18: \$ 968,000 FY2018-19: \$ 1,510,000 FY2019-20: \$ 1,570,000 FY2020-21: \$ 1,632,000

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

The loss to the Highway Allocation Fund is estimated as follows:

FY2017-18: (\$ 763,000) FY2018-19: (\$ 1,034,000)

	ADMINSTRATIVE SERVI	CES STATE BUDGET DIVISION: REVIEW OF AGENCY & PO	DLT. SUB. RESPONSES		
LB: 531	AM:	AGENCY/POLT. SUB: Nebraska Depa	artment of Roads		
REVIEW	ED BY: Lee Will	DATE: 02/02/2017 PHG	ONE: (402) 471-4175		
COMMENTS: The Nebraska Department of Roads' estimate of fiscal impact appears to be reasonable given the assumptions used.					

LB ⁽¹⁾ 531					FISCAL NOTE
State Agency OR I	Political Subdivision Name: (Nebraska Departr	nent of Roads		
Prepared by: (3) Becky Fleming		Date Prepared: (4)	1/30/2017 Phon		(402) 479-4692
	ESTIMATE PROV	/IDED BY STATE AGEN	CY OR POLITICAL	L SUBDIVISIO	ON
	UNDS (\$350,000)* (\$526,000) L FUNDS FUNDS (\$350,000)* (\$526,000) ion of Estimate: anges the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of one all amounts in excess of three thousand dollars remitted for motor vehicle sales tax. of 5 ½% on motor vehicles are collected by county treasurers with revenue from 5% remitted to the Highway Trust Fund which is 53 1/3% to the Highway Cash Fund (for the Department of Roads) and 46 2/3% to the Highway Allocation Fund (for the cities ies equally). The revenue from the ½% sales tax is remitted to the Highway Allocation fund. FY2015 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$526,000 annually (*calculated annual total for FY18). Cities and counties would increase \$558,000 annually (FY18 impact calculated as 7/12 of annual total				
			EXPENDIT		
GENERAL FUN	DS				
CASH FUNDS		(\$350,000)*			(\$526,000)
FEDERAL FUN	DS				
OTHER FUNDS	<u> </u>				
TOTAL FUNDS		(\$350,000)*			(\$526,000)
percent of all amou Sales tax of 5 ½% distributed 53 1/3% and counties equa Based on FY2015	on motor vehicles are collect to the Highway Cash Fund Illy). The revenue from the ½ data, the additional 1/2% retotal for FY18). Cities and co	and dollars remitted for motor ed by county treasurers with r (for the Department of Roads % sales tax is remitted to the I ainage would result in a loss to unties would increase \$558,0	vehicle sales tax. evenue from 5% remi) and 46 2/3% to the Highway Allocation fu o the Highway Cash F 00 annually (FY18 im	itted to the High Highway Alloca nd. Fund of \$526,00 pact calculated	way Trust Fund which is tion Fund (for the cities 00 annually (*calculated
Personal Service		OWN BY MAJOR OBJECT	S OF EXPENDIT	<u>URE</u>	
POSIT	TION TITLE	NUMBER OF POSITION <u>17-18</u>	S 2017- <u>EXPENDI</u>		2018-19 EXPENDITURES
Renefits			_		
Capital outlay					
Aid					
Capital improver	nents				
TOTAL					

LB 531 Fiscal Note 2017

		State Agency	Estimate				
State Agency Name: Department	of Revenue				Date Due LFA:	02/28/2017	
Approved by: Tony Fulton		Date Prepared: 02/07/2017		Phone: 471-5896			
	FY 2017-	FY 2017-2018		FY 2018-2019		FY 2019-2020	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$12,953		\$0		\$0		
Cash Funds		(\$469,000)		(\$732,000)		(\$761,000)	
Federal Funds							
Other Funds		(\$499,000)		(\$778,000)		(\$809,000)	
Total Funds	\$12,953	(\$968,000)	\$0	(\$1,510,000)	\$0	(\$1,570,000)	

LB 531 changes the sales tax collection fees for motor vehicles by providing that the county treasurer shall deduct, in addition to the collection fee permitted to be deducted by a retailer, an additional one-half of one percent of all amounts in excess of \$3,000 remitted each month.

Assuming that the bill becomes operative on October 1, 2017, the estimated impact of the increase in the collection fee is expected to be as follows:

	Highway	Highway Cash		
	Allocation Fund	Fund		
FY 2017-2018	(\$499,000)	(\$469,000)		
FY 2018-2019	(\$778,000)	(\$732,000)		
FY 2019-2020	(\$809,000)	(\$761,000)		
FY 2020-2021	(\$841,000)	(\$791,000)		

Counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$0.968 million, \$1.510 million, \$1.570 million, and \$1.632 million in fiscal years 2017-18 through 2020-21, respectively.

LB 531 will require a one-time programming charge of \$12,953 to be paid to the OCIO for development costs.

Major Objects of Expenditure							
Classification Title	17-18 <u>FTE</u>	18-19 <u>FTE</u>	19-20 <u>FTE</u>	17-18 Expenditures	18-19 Expenditures	19-20 Expenditures	
				\$12,953	\$0	\$0	
				\$12,953	\$0	\$0	
	Classification Title	Classification Title FTE	Classification Title FTE FTE	17-18 18-19 19-20	17-18 18-19 19-20 17-18	17-18 18-19 19-20 17-18 18-19 Expenditures Expenditures Expenditures S12,953 \$0	