Doug Gibbs March 02, 2017 402-471-0051

LB 531

Revision: 01 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to correct error.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2017-18 FY 2018-19							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$12,953		\$0					
CASH FUNDS		(\$409,000)		(\$629,000)				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$12,953	(\$409,000)	\$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:	(\$ 499,000)
FY2018-19:	(\$ 778,000)

ADMINSTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES

LB: 531

AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Lee Will

AM:

DATE: 03/01/2017

PHONE: (402) 471-4175

COMMENTS: The bill will allow for the distribution of an additional ½% from motor vehicle sales taxes to counties and cities that was previously distributed to the Highway Allocation Fund and Highway Cash Fund.

The Department of Revenues' estimate of fiscal impact appears reasonable given the assumptions used.

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	-2018	FY 2018	3-2019	FY 201	19-2020	
	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							
Class Code17-1818-1919-20Class fication TitleFTEFTEFTE					17-18 <u>Expenditures</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>
Benefits							
Operating Costs				\$12,953	\$0	\$0	
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total	Total					\$0	\$0

Please complete ALL (5) blanks in the first three lines.

LB ⁽¹⁾ 531				FISCAL NOTE
State Agency OR Po	olitical Subdivision Name: ⁽²⁾	Nebraska Departn	nent of Roads	
Prepared by: ⁽³⁾	Becky Fleming	Date Prepared: ⁽⁴⁾	1/30/2017 Phone: (5)	(402) 479-4692
	ESTIMATE PROVID	ED BY STATE AGENC	Y OR POLITICAL SUBDIVISI	ON
	EV (017 10	EV 001	° 10
	<u>F13</u> EXPENDITURES	<u>2017-18</u> <u>REVENUE</u>	<u>FY 2013</u> EXPENDITURES	<u>REVENUE</u>
GENERAL FUND	S			
CASH FUNDS		(\$350,000)*		(\$526,000)
FEDERAL FUND	s			
OTHER FUNDS				
TOTAL FUNDS		(\$350,000)*		(\$526,000)

Explanation of Estimate:

10 .

n

LB 531 changes the sales tax collection fees for motor vehicles. This bill allows the counties to deduct an additional one-half of one percent of all amounts in excess of three thousand dollars remitted for motor vehicle sales tax.

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 distributed 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 and counties equally). The revenue from the ½% sales tax is remitted to the Highway Allocation fund.

Based on FY2015 data, the additional 1/2% retainage would result in a loss to the Highway Cash Fund of \$526,000 annually (*calculated as 8/12 of annual total for FY18). Cities and counties would increase \$558,000 annually (FY18 impact calculated as 7/12 of annual total \$325,000).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
BOGITION TITLE	NUMBER OF		2017-18	2018-19
POSITION TITLE	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				