

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	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 601 provides that if Nebraska passes legislation that expands the authority of the State to require remote sellers to collect and remit sales tax on purchases by Nebraska residents and the state collects additional revenue as a result of such law, the Department of Revenue is to determine the amount of additional revenue collected during the 12 months following the date on which the State begins collecting such sales tax and certify such amount.

The certified amount shall be credited to the Property Tax Credit Cash Fund.

This provision terminates 3 years following the effective date of LB 601.

Remote seller is defined as any person who sells tangible personal property, products delivered electronically, or services for delivery into Nebraska and who does not have a physical presence in this state.

What constitutes “additional revenue” is not defined by the bill and is somewhat unclear. It may be difficult to determine, as specified by the bill, that the additional revenue is directly a result of the passage of LB 601.

Because the provisions of LB 601 are dependent on actions of the Legislature which cannot be predicted with any certainty, there is no way to estimate exactly when any fiscal impact would occur.

The Department of Revenue estimates that if legislation is passed allowing Nebraska to require out-of-state retailers to collect and remit sales tax on purchases made by Nebraska residents, and assuming all remote sellers collect the sales tax due, the additional revenue could be approximately \$30 to \$40 million of sales tax annually.

The Department of Revenue indicates that implementing the provisions of LB 601 will require a one-time programming charge of \$48,483 paid to the office of the CIO for mainframe development and web development if the law is enacted.

There is no basis to disagree with the Department of Revenue’s estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:601	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lyn Heaton	DATE: 2/1/2017	PHONE: 402-471-4181	
COMMENTS: No basis upon which to disagree with the Dept. of Revenue’s analysis. Some additional cost will be borne by the Department if the provisions of this bill need to be implemented because it will be necessary for the Department to account for new revenue remitted from remote sellers separately from other sales tax remissions.			

