Keisha Patent April 30, 2019 402-471-0059

**LB 237** 

Revision: 03

## FISCAL NOTE

Revised due to adoption of amendments on Select File

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2019-20 FY 2020-21							
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE					
GENERAL FUNDS								
CASH FUNDS	\$15,000	(\$286,000)		(\$752,000)				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$15,000	(\$286,000)		(\$752,000)				

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

LB 237 amends provisions relating to the sales tax collection fee for motor vehicles. The county treasurer will deduct the collection fee, plus an additional one-half of 1% of all amounts exceeding \$6,000 each month. As amended on Select File, 50% of the additional fee will be deposited in the county general fund and 50% will be deposited in the county road fund prior to January 1, 2023, after which time, 75% will be deposited in the county general fund and 25% will be deposited in the county road fund.

LB 237 amends provisions related to the Department of Revenue Enforcement Fund to allow counties with a population of 150,000 or more to remit \$1 of the collection fee for the first 5,000 vehicles, semitrailers, or trailers registered after January 1, 2020, to the Fund, and for money in the Fund to be used to defray costs of the bill.

As amended on Select File, the operative date is January 1, 2020.

## Revenue:

The Department of Revenue estimates the increase in the collection fee will result in revenue to the Highway Cash Fund and the Highway Allocation Fund as follows:

	Highway Allocation Fund	Highway Cash Fund	DOR Enforcement Fund
FY 2019-2020	(\$320,000)	(\$301,000)	\$15,000
FY 2020-2021	(\$799,000)	(\$752,000)	\$0
FY 2021-2022	(\$831,000)	(\$782,000)	\$0
FY 2022-2023	(\$864,000)	(\$813,000)	\$0

The reduction in revenue to the Highway Cash Fund will decrease the amount of revenue available to the Department of Transportation for construction projects.

The reduction in revenue to the Highway Allocation Fund will decrease funds available to cities and counties in accordance with its distribution formula in 66-4,148. However, LB 237 requires the additional revenue to be collected by counties. The Department of Revenue estimates an increase in the revenue collected by counties pursuant to LB 237 as follows:

	County Collection Fee Revenue
FY 2019-2020	\$606,000
FY 2020-2021	\$1,551,000
FY 2021-2022	\$1,613,000
FY 2022-2023	\$1,677,000

The net revenue available to counties, accounting for the decrease in revenue to the Highway Allocation Fund, is as follows:

	Net County Revenue
FY 2019-2020	\$446,000
FY 2020-2021	\$1,151,500
FY 2021-2022	\$1,197,500
FY 2022-2023	\$1,245,000

## **Expenditures:**

The Department of Revenue estimates a one-time programming charge to OCIO of \$15,292 for development costs to implement the bill. The revenue directed to the Department of Revenue Enforcement Fund is to be used for this purpose.

## LB 237 AM 1476

State Agency Estimate								
State Agency Name: Department	of Revenue				Date Due LFA:	5/3/2019		
Approved by: Tony Fulton	Date Prepared:	Date Prepared: 4/29/2019			Phone: 471-5896			
	FY 2019	-2020	FY 2020	)-2021	FY 2021-2022			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds								
Cash Funds	\$15,292	(\$286,000)	\$0	(\$752,000)	\$0	(\$782,000)		
Federal Funds								
Other Funds		(\$320,000)		(\$799,000)	-	(\$831,000)		
Total Funds	\$15,292	(\$606,000)	\$0	(\$1,551,000)	\$0	(\$1,613,000)		

LB 237 as amended by AM 1476 changes the sales tax collection fees for motor vehicles by providing that the county treasurer will deduct, in addition to the collection fee permitted to be deducted by a retailer, an additional one-half of one percent of all amounts over \$6,000 remitted each month. Prior to January 1, 2023, fifty percent of this additional amount is deposited in the county general fund and fifty percent is deposited in the county road fund. On and after January 1, 2023, seventy-five percent of the collection fee will be deposited in the county general fund and twenty-five percent will be deposited in the county road fund.

In any county with a population of 150,000 or more, the county treasurer remits \$1 of the collection fee for each of the first 5,000 motor vehicles, semitrailers, or trailers registered on or after January 1, 2020 to the State Treasurer for credit to the Department of Revenue Enforcement Fund. The money credited to the fund under this section is to be used by the Department of Revenue to defray the costs of implementation.

The estimated impact of the increase in the collection fee is expected to be as follows:

	Highway Allocation Fund	Highway Cash Fund	Department of Revenue Enforcement Fund
FY 2019-2020	(\$320,000)	(\$301,000)	\$15,000
FY 2020-2021	(\$799,000)	(\$752,000)	\$0
FY 2021-2022	(\$831,000)	(\$782,000)	\$0
FY 2022-2023	(\$864,000)	(\$813,000)	\$0

Counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$0.606 million, \$1.551 million, \$1.613 million, and \$1.677 million in fiscal years 2019-20 through 2022-23, respectively.

The Department of Revenue Enforcement Fund is expected to receive \$15,000 in fiscal year 2019-20.

LB 237 will require a one-time programming charge of \$15,292 to be paid to the OCIO for development costs.

This bill becomes operative January 1, 2020.

Major Objects of Expenditure									
<u>Class Code</u>	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 <u>Expenditures</u>	21-22 Expenditures		
Benefits									
Operating Costs					\$15,292	\$0	\$0		
Travel									
							•		
Total					\$15,292	\$0	\$0		

TOTAL.....

LB <sup>(1)</sup>	237	AM 14	76					FISCAL NOTE	
State Agen	ıcy OR I	Political Su	bdivision Name: <sup>(2)</sup>	Nebraska Department of Transportation					
Prepared	by: (3)	Becky F	leming	Date I	Prepared: <sup>(4)</sup>	4/22/2019	Phone:	(5) 402-479-4692	
		ES	STIMATE PROVI	DED BY S	TATE AGEN	CY OR POLITIC	CAL SUBDIV	VISION	
			FY	<u>2019-20</u>			FY 20	020-21	
		<u>]</u>	EXPENDITURES		REVENUE	EXPEND		REVENUE	
GENERA	L FUN	DS							
CASH FU	NDS			(\$301,000)				(\$752,000)	
FEDERA	L FUNI	DS							
OTHER I	FUNDS	i							
TOTAL F	UNDS			(	\$301,000)			(\$752,000)	
In any couvehicles, s	nty with emitraile the fundated imp	a population ers, or trailed under this		re, the countries the countries of the c	ty treasurer reer 1, 2019 to the ept. of Revenu	mits \$1 of the colle e Department of R e to defray the cos the collection fee is Cash Fund (Dept. o	evenue Enfor ts of impleme s expected to		
	ases the		f revenue that the Danuary 1, 2020.	•	sportation wou	(\$813,000) Id have available for	or highway co	nstruction projects.	
				N RY MAI	OR OBJECT	S OF EXPENDI	THRE		
Personal S	Service	s:	•						
	POSIT	ION TITI		UMBER OF <u>19-20</u>	F POSITIONS <u>20-21</u>	S 2019 <u>EXPEND</u>		2020-21 EXPENDITURES	
Benefits									
Operating	g								
Travel									
Capital or	ıtlay								
Aid									
Capital in	nproven	nents							