

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$22,956	See below		See below
CASH FUNDS		See below		See below
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$22,956	See below		See below

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

LB 987 amends the Revenue Act of 1967 to impose sales and use tax on the gross income received for dating and escort services. The bill specifies, for transactions occurring after October 1, 2020, the proceeds from sales and use taxes collected on dating and escort services will be credited to the Human Trafficking Victim Assistance Fund.

The bill is operative October 1, 2020.

**Revenue:**

The Department of Revenue estimates the additional sales and use tax revenue collected is indeterminable due to unavailability of data. We agree. Data on the gross income received from dating and escort services in Nebraska is unavailable, and therefore, the total amount of sales tax revenue to be collected and credited to the Cash Fund is indeterminable.

The bill requires the entirety of the proceeds from the sales and use tax imposed on dating and escort services to be credited to the Human Trafficking Victim Assistance Fund, and as such, the portion of the proceeds directed to the State Highway Capital Improvement Fund and Highway Allocation Fund under current law will be transferred from the General Fund, resulting in a General Fund revenue loss.

**Expenditures:**

The department estimates a one-time cost of \$22,956 to OCIO for mainframe and web development costs. The Crime Commission does not estimate any additional costs to implement the bill. There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 987	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 02/04/2020	PHONE: (402) 471-4175	
COMMENTS: Concur with the Department of Revenue's assessment of fiscal impact.			

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA:	
Approved by: Tony Fulton		Phone: 471-5896	
	Date Prepared:		
	<b>FY 2020-2021</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>
General Funds	\$22,956	Undeterminable	\$0
Cash Funds			
Federal Funds			
Other Funds			
Total Funds	\$22,956	Undeterminable	\$0

LB 987 adds gross income received from dating and escort services to the definition of gross receipts in Neb. Rev. Stat. §77-2701.16. For transactions occurring on or after October 1, 2020, all proceeds from the sales and use tax derived from the sale of dating and escort services is credited to the Human Trafficking Victim Assistance Fund. LB 987 becomes operative on October 1, 2020.

The revenue gains or losses due to LB 987 are undeterminable due to data unavailability on dating and escort services.

LB 987 requires a one-time operating cost of \$22,956 paid to the OCIO for mainframe development costs and web development cost. The Department of Revenue can implement this bill with existing staff.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
Benefits.....							
Operating Costs.....					\$22,956		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>					\$22,956		

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**2020**

**LB<sup>(1)</sup> 987**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> NE Commission on Law Enf and Criminal Justice

Prepared by: <sup>(3)</sup> Bruce Ayers Date Prepared: <sup>(4)</sup> 1-21-2020 Phone: <sup>(5)</sup> 402-471-0359

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

Explanation of Estimate: Section 26 of LB 987 credits all the proceeds of sales and use taxes derived from the sale of dating and escort services to the Human Trafficking Victim Assistance Fund. This fund is administered by the Crime Commission. We are unable to estimate the revenue derived from the passage of LB 987 so we can't estimate the fiscal impact of this legislation.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>