PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 17, 2022 402-471-0059

LB 984

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2022-23 FY 2023-24						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$22,188	(\$4,236,000)		(\$6,481,000)			
CASH FUNDS		(\$246,000)		(\$431,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$22,188	(\$4,482,000)		(\$6,912,000)			

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

LB 984 amends provisions related to the fee imposed on the collection of sales and use taxes.

The collection tax fee is equal to 2.5% of the sales or use tax collected each month, up to \$3,000 per month. This applies to both collectors of the tax as well as taxpayers that would choose to deduct and withhold such amounts themselves. LB 984 would increase this maximum to \$6,000 per month.

LB 984 is operative October 1, 2022.

REVENUE:

The Department of Revenue estimates the following impact on the General Fund and Cash Funds:

			State			_
			Highway			Tobacco
			Capital	Highway	State Visitors	Products
	General	Highway	Improvement	Allocation	Promotion	Administration
	Fund	Trust Fund	Fund	Fund	Cash Fund	Cash Fund
FY22-23	(\$4,246,000)	(\$23,000)	(\$150,000)	(\$51,000)	(\$56,000)	(\$17,000)
FY23-24	(\$6,481,000)	(\$40,000)	(\$262,000)	(\$89,000)	(\$100,000)	(\$29,000)
FY24-25	(\$6,610,000)	(\$40,000)	(\$268,000)	(\$90,000)	(\$103,000)	(\$28,000)
FY25-26	(\$6,742,000)	(\$40,000)	(\$273,000)	(\$91,000)	(\$106,000)	(\$28,000)

The Highway Allocation Fund is a distributive fund to cities and counties, and as such, the revenue loss reflected to that fund is to political subdivisions and not reflected in the table at the top of the page. Furthermore, the department estimates an increase in collection fee revenue to counties, who remit motor vehicle sales tax, of approximately \$83,000 per fiscal year.

EXPENDITURES:

The department estimates a one-time cost of \$22,188 for a programming charge to OCIO to implement the bill. The Department of Motor Vehicles estimates a small expenditure increase to implement LB 984 that will be absorbed by the agency.

There is no basis to disagree with these estimates.

ADMIN	IISTRATIVE SERVICES	STATE BUDGET DIVISION: REVIEW	OF AGENCY & POLT. SUB. RESPONSE			
LB: 984	LB: 984 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED E	BY: Neil Sullivan	DATE: 2/17/2022	PHONE: (402) 471-4179			
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 984 appears reasonable.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 984	AM:	AGENCY/POLT. SUB: Departr	nent of Motor Vehicles			
REVIEWED B	Y: Neil Sullivan	DATE: 2/17/2022	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Motor Vehicles assessment of no fiscal impact from LB 984.						

LB 984 Fiscal Note 2022

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFO:						
Approved by: Tony Fulton Date Prepared			2/17/2022	Phone: 471-5896		
	FY 2022	-2023	FY 2023	2023-2024 FY 2024-20		1-2025
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$22,188	(\$4,236,000)		(\$6,481,000)		(\$6,610,000)
Cash Funds		(\$246,000)		(\$431,000)		(\$439,000)
Federal Funds						
Other Funds		(\$51,000)		(\$89,000)		(\$90,000)
Total Funds	\$22,188	(\$4,533,000)		(\$7,001,000)		(\$7,139,000)

LB 984 increases sales and use tax collection fees for retailers from 2.5% of the first three thousand dollars remitted each month to 2.5% of the first six thousand dollars remitted each month.

The estimated impact of LB 984 on the following funds would be as follows:

Fiscal Year	General Funds	Highway Trust Fund	State Highway Capital Improvement Fund	Highway Allocation Fund (Cities and Counties)	State Visitors Promotion Cash Fund	Tobacco Products Administration Cash Fund
FY 2022-23	(\$4,236,000)	(\$23,000)	(\$150,000)	(\$51,000)	(\$56,000)	(\$17,000)
FY 2023-24	(\$6,481,000)	(\$40,000)	(\$262,000)	(\$89,000)	(\$100,000)	(\$29,000)
FY 2024-25	(\$6,610,000)	(\$40,000)	(\$268,000)	(\$90,000)	(\$103,000)	(\$28,000)
FY 2025-26	(\$6,742,000)	(\$40,000)	(\$273,000)	(\$91,000)	(\$106,000)	(\$28,000)

Counties remitting motor vehicle sales tax are expected to see an increase in their collection fees of \$0.083 million, in FY 2022-23, FY 2023-24, and FY 2024-25.

The bill will require a one-time programming charge of \$22,188 paid to the OCIO for mainframe programming costs.

The bill becomes operative October 1, 2022.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Benefits							
Operating Costs					\$22,188		
Travel							
Total					\$22,188		

LB (1) 984			FISCAL NOTE			
State Agency OR Political Subdivision Name: (2)	Department of Motor Vehicles					
Prepared by: (3) Bart Moore	Date Prepared: (4)	January 24, 2022 Pho	one: (5) 402-471-3902			
ESTIMATE PROV	IDED BY STATE AGEN	NCY OR POLITICAL SUE	BDIVISION			
FY	2022-23	<u>FY</u>	<u> </u>			
EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	REVENUE			
GENERAL FUNDS		_				
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	· · · · · · · · · · · · · · · · · · ·					
Explanation of Estimate:						
Explanation of Estimate.						
			-			
Personal Services:	<u>WN BY MAJOR OBJECT</u>	IS OF EXPENDITURE				
POSITION TITLE	UMBER OF POSITION 22-23 23-24	S 2022-23 EXPENDITURES	2023-24 EXPENDITURES			
Benefits						
Operating						
Travel						
Capital outlay						
Aid						
Capital improvements						
TOTAL						