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LB 562

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 562 amends several sections of Nebraska statute dealing with the occupation tax for all classes of cities and villages. The same change in language is made to Sections 14-109 (Metropolitan class), Section 15-203 (Primary Class), Section 16-205 (First Class), and Section 17-525 (Second Class and Villages).

The change authorizes cities and villages to levy an occupation tax, except no occupation tax may be levied on nonresidents and the tax may not exceed a certain percent; that percent is not indicated in the bill.

The language of the bill states, “. . . the rate of any such tax shall not exceed XX percent of the tax base of the occupation subject to such tax . . .” While it appears that the tax may apply to any business, several specific businesses and the tax on those businesses are listed in the bill.

The businesses specified are: a tax levied on the gross receipts of a restaurant; a tax levied on the number of seats in a theater; a tax levied on the price per unit of merchandise sold through a vending machine; a tax levied on the number of parking spaces in a drive-in theater; and a tax levied on the number of parking spaces in a parking garage.

The Department of Revenue indicates that LB 562 will have no impact on state or local option sales tax revenue. The Department states that the bill imposes no limitations on the ability of businesses to pass along an occupation tax to all customers, including nonresidents. Since occupation taxes are imposed directly on businesses, the resident/nonresident distinction is irrelevant.

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

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
Concur. No fiscal impact on the Department of Revenue.					

