Doug Gibbs February 02, 2011 471-0051

LB 562

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *						
	FY 201	1-12	FY 20	12-13		
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE			
GENERAL FUNDS						
CASH FUNDS		_				
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS						

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

REVIEWED BY	Lyn Heaton	DATE 2/3/11	PHONE 471-2526
COMMENTS			
Concur. No fiscal impact on the Dep	artment of Revenue.		

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

FEL DESCRIPTION FISCAL NOTE 2011

		State Agency	Estimate	42/2			
State Agency Name: Department	of Revenue			1014	Date Due LFA:	1/26/2011	
Approved by: Douglas Ewald		Date Prepared:	1/27/2011		Phone: 471-5700		
	FY 2011	FY 2011-2012		FY 2012-2013		FY 2013-2014	
	Expenditures	Revenue	<u>Expenditures</u>	Revenue	Expenditures	Revenue	
General Funds		(See Below)		(See Below)		(See Below)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(See Below)		(See Below)		(See Below)	

LB 562 amends sections 14-109, 15-203, 16-205, and 17-525 that authorize all classes of cities and villages to levy an occupation tax, and makes identical changes to each section. On and after the effective date of the bill, no occupation tax may be levied on nonresidents of the city or village and no occupation tax may be levied at a rate that exceeds an unspecified percent.

These restrictions apply to any occupation tax, but several specific ones are listed as being within the restrictions, including gross receipts on restaurants, the number of seats in a movie theater, and the number of parking spaces in a drive in theater or parking lot.

The bill carries the emergency clause.

LB 562 will have no impact on state or local option sales tax revenue. 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.

LB 562 affects cities, and will not result in administration costs for the Department.

	Maj	or Objects of F	Expendit	ure			
Class Code	Classification Title	11-12 <u>FTE</u>	12-13 <u>FTE</u>	13-14 FTE	11-12 Expenditures	12-13 Expenditures	13-14 Expenditures

Benefits				L			
Operating Costs	•••••••••••••••••••••••••••••••••••••••						
Capital Outlay							
Total	•••••			••••••			