Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	3-14	FY 2014-15				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$91,482		\$83,948				
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$91,482		\$83,948				

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

LB 53 amends the Nebraska Revenue Act of 1967, regarding successor liability for sales and use tax.

The bill provides, for purposes of determining the purchase price, that the purchase price shall not include any amounts required to satisfy any liens against property acquired by the purchaser if a) the Tax Commissioner has not filed a notice of lien in accordance with Section 77-3904 prior to the sale of the business or stock of goods or b) such liens were recorded prior to the Tax Commissioner filing a notice of lien under Section 77-3904. So, unless the Tax Commissioner has established the priority of the tax lien, the amount necessary to satisfy the tax liability of the seller is not withheld from the purchase price.

Under current law, if the seller has any outstanding sales or use tax liability and sells their business or stock of goods, the successor (purchaser) is to withhold a sufficient amount of the purchase price to cover the amount of the tax liability until the former owner produces a receipt from the Tax Commissioner showing that the liability has been paid or that no amount is due. If the purchaser fails to withhold an amount sufficient to satisfy the tax liability, they become personally liable for the payment of the amount required to be withheld.

The bill contains the emergency clause.

The Department of Revenue indicates that the fiscal impact is indeterminable, but they believe it will have a negative fiscal impact on the General Fund.

The Department also estimates that the cost to implement LB 53 will included increased lien filings with the Secretary of State, and will cost approximately \$40,000 per year for filings and will need 1.0 FTE to implement. This includes PSL of \$32,317 for FY2013-14 and \$33,044 for FY2014-15.

We agree with the Department regarding fiscal impact and find no basis to disagree with the Department's estimate of cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: <mark>53</mark>	.B: 53 AM: AGENCY/POLT. SUB: Dept. of Revenue						
REVIEWED BY: Lyn Heaton			DATE: 2/20/2013	PHONE: <u>402.471.4181</u>			
COMMENTS: The Dept. of Revenue's estimate of the operational cost to protect the state's interest in the enforcement and							
collection of previously incurred sales tax liability appears reasonable given the agency's assumptions.							

Fiscal Note 2013

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFA: 1/18/2013									
Approved by: Douglas Ewald Date P			1/22/2013		Phone: 471-5700				
	FY 2013-2014		FY 2014-2015		FY 2015-2016				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds	\$91,482		\$83,948		\$84,937				
Cash Funds									
Federal Funds									
Other Funds									
Total Funds	\$91,482		\$83,948		\$84,937				

State A gam or Estimate

LB 53 would amend Neb. Rev. Stat. § 77-2707, which deals with successor liability for sales and use tax. Under current law, if a person who is liable for any sales or use tax sells the business or stock of goods, the buyer must withhold from the purchase price any outstanding sales or use tax liability or become personally liable for the amount of the delinquency. The purchase price includes any cash or noncash consideration, including the value of any assumed debts.

LB 53 would provide that the purchase price determined under this section would be reduced by amounts necessary to satisfy a previously existing lien on the real or personal property acquired.

The fiscal impact associated with this legislation is indeterminable, but would have a negative impact on the General Fund.

Departmental cost to implement the bill includes costs associated with increased lien filings with the Secretary of State, estimated to total approximately \$40,000 per year, and one Revenue Agent. The bill carries the emergency clause.

Major Objects of Expenditure									
		13-14	14-15	15-16	13-14	14-15	15-16		
Class Code	Classification Title	FTE	FTE	FTE	Expenditures	Expenditures	Expenditures		
X29222	Revenue Agent	1.0	1.0	1.0	\$32,317	\$33,044	\$33,787		
Benefits					\$10,665	\$10,904	\$11,150		
					\$48,500	\$40,000	\$40,000		
Travel									
Capital Improveme	ents								
					\$91,482	\$83,948	\$84,937		