Doug Gibbs February 25, 2014 402-471-0051

LB 1057

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	4-15	FY 2015-16					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	See Below	See Below	See Below	See Below				
CASH FUNDS	See Below	See Below	See Below	See Below				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	See Below	See Below	See Below	See Below				

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

LB 1057 amends the Nebraska Revenue Act of 1967.

The bill adds new language to the Act to provide that the amount the state collects in sales and use tax in the event that the federal government passes legislation that expands the state's authority to require out-of-state retailers to collect and remit sales and use tax is to be credited to the Property Tax Credit Cash Fund.

The Department of Revenue is to determine the amount so collected in the first twelve months following the date the state begins collecting any additional revenue as a result of federal legislation.

Because the provisions of LB 1057 are dependent on the actions of an outside agency which cannot be predicted with any certainty, there is no way to estimate when any fiscal impact would occur.

The Department of Revenue estimates that if the federal law is passed allowing Nebraska to require out-of-state retailers to collect and remit sales tax on purchases made by Nebraska residents, the additional revenue would be approximately \$35-\$50 million of sales tax annually.

For fiscal years following certification by the Department of Revenue and the one-time transfer to the Property Tax Credit Cash Fund, sales tax collected by out-of-state retailers will result in an undeterminable increase the General Fund, State Highway Capital Improvement Fund, and Highway Allocation Fund.

The Department of Revenue indicates that implementing the provisions of LB 1057 will require a one-time programming charge paid to the office of the CIO for mainframe development and web development if the federal law is enacted.

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

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFA:									
Approved by: Kim Conroy	proved by: Kim Conroy Date Prepared:			Phone: 471-5896					
	FY 2014-2015			FY 2015-2016		FY 2016-2017			
	Expenditures	Revenue		Expenditures	Revenue	E	xpenditures	Revenue	
General Funds	See Below	See Below		See Below	See Below		See Below	See Below	
Cash Funds									
Federal Funds									
Other Funds			_						
Total Funds			_						

LB 1057 requires the Department to certify the amount of sales tax collected by out-of-state retailers during the 12 months following enactment of and pursuant to federal law that allows the State to require out-of-state retailers to collect and remit sales tax on purchases made by Nebraska residents. The amount excludes proceeds credited to the Highway Trust Fund, State Highway Capital Improvement Fund, and Highway Allocation Fund.

The bill provides that the revenue generated pursuant to the federal grant of collection authority be allocated to the Property Tax Credit Cash Fund. The Department must certify the amount of sales tax remitted by out-of-state retailers to the Governor, the Legislature, and the State Treasurer.

Assuming that federal law allows the State to require out-of-state retailers to collect and remit sales tax on purchases made by Nebraska residents, the State is projected to collect an additional \$35-\$50 million of sales tax annually.

For fiscal years following certification by the Department and the one-time transfer to the Property Tax Credit Cash Fund, sales tax collected by out-of-state retailers will result in an undeterminable increase to the General Fund, State Highway Capital Improvement Fund, and Highway Allocation Fund.

LB 1057 would require a one-time programming charge of \$39,760 paid to the OCIO for mainframe development and web development if this federal law is passed.

Major Objects of Expenditure									
<u>Class Code</u>	Classification Title	14-15 <u>FTE</u>	15-16 <u>FTE</u>	16-17 <u>FTE</u>	14-15 <u>Expenditures</u>	15-16 <u>Expenditures</u>	16-17 <u>Expenditures</u>		
Benefits									
Operating Costs		\$39,760							
Capital Outlay									
Aid									
Capital Improvement	nts								
Total	\$39,760								