Douglas Gibbs January 18, 2018 402-471-0051

LB 789

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF	FISCAL IMPACT – ST	ATE AGENCIES (See na	arrative for political subdiv	ision estimates)	
	FY 20 1	18-19	FY 2019-20		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNDS					
CASH FUNDS		(\$430,000)		(\$569,000)	
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS		(\$430,000)		(\$569,000)	

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

LB 789 repeals the marijuana and controlled substances tax and strikes references in other sections of statute.

The following sections are outright repealed:

77-4301	Terms, defined.
77-4302	Possession by dealer; payment of tax required.
77-4303	Imposition of tax; rates.
77-4304	Stamps, labels, or other indicia; purchase; Tax Commissioner; duties.
77-4305	Tax; due and payable; when
77-4306	Stamps, labels, or other indicia; affixed; when.
77-4307	Tax Commissioner; rules and regulations.
77-4308	Sections, how construed.
77-4309	Dealer; violations; penalties; statute of limitations.
77-4310	Tax Commissioner; assessment and collection of tax and penalties; duties.
77-4310.01	Tax proceeds; distribution.
77-4310.02	Overpayment of tax; Tax Commissioner; powers and duties; stamps; nonreturnable.
77-4310.03	Marijuana and Controlled Substances Tax Administration Cash Fund; created; use; investment.
77-4311	Tax determination; notice; requirements; jeopardy determination; effect.
77-4312	Jeopardy determination; petition for redetermination; procedure; deficiency; interest; seized property; sale; when; procedure; return of property; conditions; injunction; Tax Commissioner; powers.
77-4313	Injunction; suit prohibited.
77-4314	Tax and penalties; presumption; admissibility of evidence.
77-4315	Report; confidential; information; inadmissibility of evidence.
77-4316	Tax Commissioner; powers; subpoena; enforcement.
11-1010	

Section 28-1439.02 is amended to strike the distribution of marijuana tax proceeds to the County Drug Law Enforcement and Education Fund.

The Department of Revenue estimates the following fiscal impact of LB 789:

Fiscal Year:	Nebraska State Patrol Drug Control and Education Fund:	County Drug Law Enforcement and Education Fund:	Marijuana and Controlled Substances Administration Cash Fund:	Total Cash Funds:
2018-19:	(\$ 204,000)	(\$ 204,000)	(\$ 22,000)	(\$ 430,000)
2019-20:	(\$ 270,000)	(\$ 270,000)	(\$ 29,000)	(\$ 569,000)
2020-21:	(\$ 297,000)	(\$ 297,000)	(\$ 31,000)	(\$ 625,000)

The Department of Revenue indicates minimal costs to implement the provisions of LB 789.

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

ADMIN	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 789	AM:	AGENCY/POLT. SUB: D	Dept. of Revenue		
REVIEWED	BY: Lyn Heaton	DATE: 1/23/2018	PHONE: (402) 471-4181		
COMMENTS	COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.				

Fiscal Note 2018

		State Agency	Estimate			
State Agency Name: Department of I	Revenue				Date Due LFA:	1/22/2018
Approved by: Tony Fulton		Date Prepared:	1/22/2018		Phone: 471-5896	
<u>FY 2018-201</u>		-2019	FY 2019-2020		<u>FY 2020-2021</u>	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$ 0		\$ 0		\$ 0	
Cash Funds		(\$430,000)		(\$569,000)		(\$625,000)
Federal Funds						
Other Funds						
Total Funds	\$ 0	(\$430,000)	\$ 0	(\$569,000)	\$ 0	(\$625,000)
-						

LB 789 would repeal outright the Marijuana and Controlled Substances Tax. The bill would also strike references to the tax from other statutes, including the distribution of tax proceeds to the County Drug Law Enforcement and Education Fund.

The operative date is three months after enactment.

The Department estimates the following impact on Cash Fund revenues.

Fiscal Year	Total Cash Funds	Nebraska State Patrol Drug Control & Education Fund	County Drug Law Enforcement & Education Fund	Nebraska Department of Revenue
18-19	(\$430,000)	(\$204,000)	(\$204,000)	(\$22,000)
19-20	(\$569,000)	(\$270,000)	(\$270,000)	(\$29,000)
20-21	(\$625,000)	(\$297,000)	(\$297,000)	(\$31,000)

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>
Benefits							
Operating Costs							
Capital Outlay							
	nts						

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 789				FISCAL NOTE		
State Agency OR P	olitical Subdivision Name: (2)	Nebraska State Pa	atrol			
Prepared by: ⁽³⁾	Carol Aversman	Date Prepared: ⁽⁴⁾	1-15-2018 F	Phone: (5)		
	ESTIMATE PROVII	DED BY STATE AGENO	<u>CY OR POLITICAL SU</u>	BDIVISION		
FY 4		018-19		FY 2019-20		
	EXPENDITURES		EXPENDITURI			
GENERAL FUNI	s <u>\$110,000</u>		\$110,000			
CASH FUNDS		(\$175,000)		(\$175,000)		
FEDERAL FUND	s					
OTHER FUNDS						
TOTAL FUNDS	\$110,000	(\$175,000)	\$110,000	(\$175,000)		

2018

Explanation of Estimate:

LB 789 requires the repeal of future drug tax stamp deposits in the Nebraska State Patrol Drug Control and Education Cash Fund. Over the course of the last 18 months (7/1/16 – 12/3/17), deposits into the fund have averaged approximately \$14,000-\$15,000 per month. This repeal will result in decreased revenues totaling an estimated \$175,000 per year to the State Patrol. This fund has historically been used to purchase Crime Lab equipment used in drug testing, for equipment used in drug investigations, and for drug education purposes. During FY 17, approximately \$110,000 was spent from this fund by the Agency. A reduction in the drug tax stamp revenues would result in these expenses being required to be paid with General Funds.

UMBER OF 18-19	POSITIONS <u>19-20</u>	2018-19 EXPENDITURES	2019-20 EXPENDITURES
<u>18-19</u>	<u>19-20</u>	EXPENDITURES	EXPENDITURES
		\$10,000	\$10,000
		\$100,000	\$100,000
		\$110,000	\$110,000
			\$100,000