Samuel Malson February 11, 2021 402-471-0051

LB 350

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202 ⁻	1-22	FY 2022-23				
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUNDS				(\$3,691,000)			
CASH FUNDS				SHCIF – (\$149,000) GPCMF - \$3,866,000			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS				See below			

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

Under current statute, for transactions occurring between October 1, 2014 and October 1, 2022, the Game and Parks Commission Capital Maintenance Fund (GPCMF) receives all sales and use tax proceeds imposed on the sales or lease of motorboats, personal watercraft, all-terrain vehicles and utility type vehicles.

Under LB350, the sunset date for this provision would be extended to October 1, 2027. Extending the sunset date would continue the diversion of revenue. In the absence of the extension, the General Fund, State Highway Capital Improvement Fund (SCHIF), and Highway Allocation Fund (HAF) would see revenue increases. The fiscal note provided by the Department of Revenue details the amounts each fund would see as an increase in revenue in the absence of the sunset date extension, as follows:

	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Total	
FY23	\$3,691,000	\$149,000	\$26,000	\$3,866,000	
FY24	\$4,927,000	\$199,000	\$36,000	\$5,162,000	
FY25	\$5,051,000	\$204,000	\$36,000	\$5,291,000	
FY26	\$5,178,000	\$210,000	\$37,000	\$5,425,000	

The continuation in revenue flowing to the GPCMF would mirror the total revenue listed in the chart above.

Note: The Build Nebraska Act (2011) established that the one-quarter (1/4) of one percent (1%) of the sales and use taxes be credited to the SHCIF (85%) and to the HAF (15%). The HAF revenue is split 50/50 between counties and cities. In FY20, the revenue from the Build Nebraska Act totaled \$87.9 million.

The Game and Parks Commission also provided a fiscal note estimating revenue increases that would flow to the GPCMF.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE								
LB: 350 AM: AGENCY/POLT. SUB: Nebraska Game and Parks Commission								
REVIEWED BY: Claire Oglesby	DATE: 2/12/21	PHONE: (402) 471-4174						
COMMENTS: Nebraska Game and Parks Commission's statement appears reasonable based on the assumptions provided.								

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

LB ⁽¹⁾ 350 (Capital Maintenar	nce Fund Exten	sion	FISCAL NOTE
State Agency OR P				
Prepared by: (3)	Patrick H. Cole	Date Prepared: ⁽⁴⁾	1/13/2021 Phone: ⁽⁵⁾	(402)-471-5523
	ESTIMATE PROVID	DED BY STATE AGENO	Y OR POLITICAL SUBDIVISIO	DN
	FV	2021-22	FY 2022	9-93
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	REVENUE
GENERAL FUNI	DS			
CASH FUNDS				\$2,220,000
FEDERAL FUND	DS			
OTHER FUNDS				
TOTAL FUNDS				\$2,220,000

Explanation of Estimate:

The proposed legislation would extend the current sunset date of October 1, 2022 to October 1, 2027 for sales tax receipts currently designated for deposit in the Capital Maintenance Fund. This would add another 5 years worth of revenues to the fund. The average annual receipts deposited into the fund over the past 5 fiscal years is \$4,424,113 (high \$4.68M, low \$4.21). While the current FY revenues are up, it is likely an anomaly tied to the pandemic similar to the increase in permit sales experienced, so may likely be short lived. That said, an average of \$4.5 million will be used to estimate the annual fiscal impact of the 5-year extension (\$22.5 million over the 5 years).

It should be noted that an October 1 end date provides for revenues through December due to a 2-month lag in collection, submission and crediting to the Capital Maintenance Fund. The first effect of the extension would be realized in FY 22-23, increasing the current estimated receipts at \$3.28 million to the full FY estimate of \$4.5 for an increase in \$2.22 million as indicated above. The grand total for the extended period would be estimated at \$22.5 million.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
POSITION TITLE	NUMBER OF POSITIONS <u>21-22</u> <u>22-23</u>		2021-22 <u>EXPENDITURES</u>	2022-23 <u>EXPENDITURES</u>				
Benefits								
Operating				. <u></u>				
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								

LB 350 Updated

Fiscal Note 2021

		State Agency	Estimate				
State Agency Name: Department of Revenue Date Due LFA:							
Approved by: Tony Fulton		Date Prepared:	2/18/2021		Phone: 471-5896		
	FY 202	1-2022	FY 202	2-2023	FY 2023	3-2024	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$0		(\$3,691,000)		(\$4,927,000)	
Cash Funds		\$0		\$3,717,000		\$4,963,000	
Federal Funds							
Other Funds		\$0		(\$26,000)		(\$36,000)	
Total Funds		\$0		\$0		\$0	

LB 350 amends Neb. Rev. Stat. § 77-27,132 to extend the distribution of the proceeds from the sales and use taxes imposed on sales or leases of motorboats, personal watercraft, all-terrain vehicles, and utility-type vehicles to the Game and Parks Commission Capital Maintenance Fund from October 1, 2022, to October 1, 2027.

LB 350 is expected to impact the following funds:

	General Fund	State Highway	Highway	Game and Parks	
		Capital	Allocation	Commission	
		Improvement Fund		Capital	
		Fund	(County)	Maintenance Fund	
FY 2022-23	(\$3,691,000)	(\$149,000)	(\$26,000)	\$3,866,000	
FY 2023-24	(\$4,927,000)	(\$199,000)	(\$36,000)	\$5,162,000	
FY 2024-25	(\$5,051,000)	(\$204,000)	(\$36,000)	\$5,292,000	
FY 2025-26	(\$5,178,000)	(\$210,000)	(\$37,000)	\$5,425,000	

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

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure									
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures		
Benefits									
Operating Costs									
	Travel								
Capital Outlay									
	Capital Improvements								