

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 463** SLS 14RS 451  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 26, 2014 9:51 AM	<b>Author:</b> ADLEY
<b>Dept./Agy.:</b> Revenue/Legislative Auditor	
<b>Subject:</b> Dedication of future sales tax revenue	<b>Analyst:</b> Deborah Vivien

FUNDS/FUNDING EG SEE FISC NOTE GF RV See Note Page 1 of 1  
 Dedicates to the Better Highways and Higher Education Fund state sales tax proceeds collected each fiscal year as a result of a federal law which will require vendors located out-of-state to collect sales tax on their Internet and mail order sales.(gov

Proposed law dedicates any sales tax revenue generated due to the passage of a federal law that directly or indirectly (as determined by the Secretary of Revenue) requires out of state vendors to collect and remit state sales tax on internet, mail order or other sales for use in the state. Only those amounts that would not have otherwise been collected, as determined by the Legislative Auditor and the Department of Revenue, will be dedicated to the Better Highways and Higher Education Fund, which is created in the bill. Half of the proceeds will be appropriated to the Transportation Trust Fund for use on Highway Priority Program projects and half will be appropriated to public post-secondary institutions in the same proportion as the institution's 3-year average of federally financed research and development expenditures as reported by the National Science Foundation. Interest and unused balances remain in the fund. Effective with the first fiscal year following passage of relevant federal legislation.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

To the extent that federal legislation is passed that is deemed by the Secretary of Revenue to increase the remittance of internet, mail order or other sales tax collections, the statutory dedication created in this bill (The Better Highways and Higher Education Fund) will receive those new remittances, as determined by the Secretary and the Legislative Auditor. In the absence of this bill, the state general fund would receive those potential new remittances. Thus, from that perspective, the bill reduces potential future general fund revenue while it increases potential future dedicated revenue.

It is not possible to predict whether and/or when the federal Marketplace Fairness Act legislation or similar federal legislation may be enacted, and estimates of potential revenue receipts resulting from such federal legislation are highly speculative. No expectation of such receipts is currently included in the state's official revenue forecasts. Since the bill effectively delays its dedication to the fiscal year after the effective date of such federal law, it is unlikely that there would be a dedication in the first year of effectiveness, and the general fund would then gain receipts in that first fiscal year.

The bill stipulates that collections in advance of federal legislation may be included in the dedication, which could allow for a large dedication in the initial year, depending on the determination of receipts directly or indirectly influenced by the federal law. The state may require additional legislative action to comply with federal law, which could further delay anticipated collections.

- |  |                            |       |  |
|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}         |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                  |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      |                            |       | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

*Gregory V. Albrecht*  
**Gregory V. Albrecht**  
**Chief Economist**