

# LB3: Fiscal Size-Up 1988-89

with the June 1987 expectations for the same period indicate that changes in economic conditions had reduced expectations for state revenue collections approximately \$6.2 billion in 1988-89. The erosion of revenue during the four-year fiscal period 1986-1989 was on

the order of \$9.6 billion.

## The Second Called Session, Seventieth Legislature

The 1987 Second Called Session adopted a balanced budget for the 1988-89 biennium. A vital element in the budget so-

lution was \$5.7 billion in new taxes which increased the amount available for general revenue spending in 1988-89 by 25 percent. The omnibus tax bill (House Bill 61) increased the state sales tax to 6 percent and expanded the sales tax base, raised the motor ve-

### REVENUE GAIN FROM TAX BILLS PASSED IN THE 70th LEGISLATURE, SECOND CALLED SESSION (In Millions)

<u>House Bill 61 -- Omnibus Tax Bill</u>	<u>1988</u>	<u>1989</u>	<u>Biennium</u>
<b>Sales Tax Provisions</b>			
Sales Tax Rate @6%	\$1,267.9	\$1,730.3	\$2,998.2
Definition of Sale Price	8.9	12.3	21.3
Repeal Exemption for Certain Services	96.8	156.5	253.3
Commercial Electricity	5.6	7.0	12.5
Sales Tax on Custom Software	13.3	19.4	32.6
Definition of Use and Storage	7.3	9.1	16.3
Amended Amusement Services Exemption	1.1	1.2	2.3
Amended Exemption for Telecommunication Service	121.6	157.4	279.0
Interstate Shipments	0.5	0.6	1.1
Private Club Memberships	1.4	1.7	3.0
Repeal of Other Exemptions	12.6	15.3	27.8
Exemption for Ice Used on Fishing Boats	(0.4)	(0.5)	(0.8)
Timely Filer Discount Reduction	19.2	24.5	43.7
Sales Tax Permit Fee	7.7	7.7	15.3
Motor Lubricants Sales Tax @6%	3.8	5.2	9.0
<b>Subtotal -- Sales Tax Provisions</b>	<b>\$1,567.2</b>	<b>\$2,147.6</b>	<b>\$3,714.7</b>
Franchise Tax Rate @ \$6.70/1,000	\$211.5	\$228.5	\$440.0
Repeal Telephone Gross Receipts Tax	0.0	(19.4)	(19.4)
Increase Cigarette Tax to 26 cents/pack	54.0	70.9	124.9
Increase Tax on Snuff & Tobacco to 28.125%	1.7	2.0	3.7
Increase the Hotel-Motel Tax to 6%	27.7	34.3	62.0
Increase the Motor Vehicle Sales Tax to 6%	156.5	172.9	329.4
Insurance Tax Surcharge @20%	78.8	10.9	89.7
Insurance Administrative Service Tax @2.5%	7.3	19.0	26.3
Selected Professional Fees @ \$110/year	21.4	21.4	42.9
Protest Payment Deposit to General Revenue	9.8	5.0	14.8
<b>Total Revenue Gain from House Bill 61</b>	<b>\$2,135.9</b>	<b>\$2,693.1</b>	<b>\$4,829.0</b>
House Bill 62 -- Fuels Tax Bill	427.1	469.4	896.5
Senate Bill 28 -- Tax Enforcement Provisions	3.6	6.3	9.9
<b>Total State Revenue Gain</b>	<b>\$2,566.6</b>	<b>\$3,168.8</b>	<b>\$5,735.4</b>

Source: Comptroller of Public Accounts, July 27, 1987.