

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		See Below		See Below

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

LB 381 seeks to establish the Mental Health Wellness Act (Act). The Act would allow a county to impose a sales and use tax of 0.5%. The sales and use tax under the Act would be used exclusively to provide mental health services to residents of the county to improve the health and wellness of the residents.

The county would need to adopt a resolution by the affirmative vote of at least a 2/3 majority of all elected members of the county board. Then, the question of imposing the tax would need to be submitted at a primary, general, or special election in the county and a majority of the people voting on the question would need to vote in favor of the tax in order for the county board to impose the tax.

The Tax Commissioner would administer all sales and use taxes pursuant to the Act with a 3% administrative fee to defray the cost of collecting the tax and expenses incident thereto. The receipts from the fee would be deposited in the state General Fund.

The county could not impose a sales and use tax under this Act if the county is imposing the sales and use tax for counties pursuant to section 13-319.

The Department of Revenue (DOR) estimates a positive, indeterminant impact on General Fund revenues as a result of the 3% administrative fee under this Act.

The DOR estimates minimal costs to it to implement the bill.

There is no basis to disagree with these estimates by the DOR.

The Nebraska Department of Transportation estimates no fiscal impact to it as a result of this bill. There is no basis to disagree with this estimate.

Counties that would impose the tax under this Act would see an increase to local revenues to be spent on providing mental health services to residents of the county, and this would lessen the need to fund these services through other tax revenue.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 381 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Neil Sullivan DATE: 3/20/2023 PHONE: (402) 471-4179

COMMENTS: No basis to disagree with the Department of Revenue assessment of indeterminate revenue increase and minimal implementation cost from LB 381.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 381	AM:	AGENCY/POLT. SUB: Department of Transportation
REVIEWED BY: Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Transportation assessment of no fiscal impact from LB 381.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 381	AM:	AGENCY/POLT. SUB: Lancaster County
REVIEWED BY: Neil Sullivan	DATE: 3/16/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Lancaster County assessment of contingent impact from LB 381.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 381	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials
REVIEWED BY: Neil Sullivan	DATE: 3/16/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of contingent average impact from LB 381.		

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 381

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation

Prepared by: ⁽³⁾ Liza Alderman Date Prepared: ⁽⁴⁾ 3/15/23 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 381 would allow a county to impose a sales and use tax of one-half of one percent on transactions subject to the state sales and use tax upon adoption of a resolution by the affirmative vote of at least a two-thirds majority of all elected members of the county board. Any sales and use tax imposed pursuant to this section shall be used exclusively to provide mental health services to residents of the county to improve the health and wellness of such residents.

If enacted, NDOT anticipates no fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2023

LB⁽¹⁾ 381

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1-18-23 Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

If a vote was passed to use .5% of sales tax for mental health purposes, Lancaster County would collect approximately \$24 million. The calculation is based on the 2021 Net Taxable Sales (Department of Revenue) in the cities and villages within Lancaster County multiplied by .5%.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 381

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ _____ Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
.	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 381 would create the Mental Health Wellness Act. Following the adoption of a resolution by a 2/3 vote of county board members and an approval of voters, the county board could authorize a sales tax in the county to be used exclusively or mental health services for residents of the county. The sales tax that could be imposed is one-half of one cent on all transactions subject to the sales and use tax provisions outlined in statue. The state of Nebraska currently imposes 5.5 % of only one county imposes a county sales tax in the amount of .5% for sales outside of a municipality.

By evaluating five years’ worth of net taxable sales for all 93 counties (2017-2021). We then projected what counties would earn annually with a half-cent sales tax based on the previous five-year average of taxable sales. Overall, the half-cent county-wide sales tax would generate approximately \$1,370,709 annually per county assuming all variables were the same, including sales across counties. However, this amount varies considerably depending on the size of the county’s population. On average, counties with over 50,000 people would generate approximately \$18,235,891 annually, counties with between 5,000 and 50,000 people would generate approximately \$669,987 annually, and counties with under 5,000 people would generate approximately \$73,610 annually.

If a county were to use revenue from the sales tax authorized under the Mental Health Wellness Act to fund mental health services they are obligated to fund, the need for using property tax revenue to fund such services would be lessened.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24 EXPENDITURES</u>	<u>2024-25 EXPENDITURES</u>
	<u>23-24</u>	<u>24-25</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====