John Wiemer February 27, 2024 402-471-0051

LB 1342

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF	FISCAL IMPACT – STA	ATE AGENCIES (See na	rrative for political subdivis	sion estimates)	
	FY 202	4-25	FY 2025-26		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNDS		(\$51,592,000)		(\$81,258,000)	
CASH FUNDS		(\$1,827,000)		(\$3,289,000)	
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS		(\$53,419,000)		(\$84,547,000)	

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

LB 1342 would provide a sales and use tax exemption for the sales and purchases of electricity and natural gas for residential use.

The bill would become operative on October 1, 2024.

The Department of Revenue (DOR) estimates the following decrease to revenues as a result of this bill:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	State highway Capital Improvement Fund	Local (Assumes 1.5%)	
FY2024-25	\$ (51,592,000)	\$ (322,000)	\$ (1,827,000)	\$ (12,898,000)	
FY2025-26	\$ (81,258,000)	\$ (580,000)	\$ (3,289,000)	\$ (23,216,000)	
FY2026-27	\$ (85,320,000)	\$ (609,000)	\$ (3,453,000)	\$ (24,377,000)	
FY2027-28	\$ (89,586,000)	\$ (639,000)	\$ (3,626,000)	\$ (25,596,000)	

There is no basis to disagree with the above estimates by the Department of Revenue (DOR) except that the fiscal impact for the State Highway Capital Improvement Fund impacts the Highway Trust Fund as this portion of sales tax is credited to the Highway Trust Fund. The DOR estimates decreases in tax revenue to local governments based upon a 1.5% sales and use tax rate. There is estimated to be a revenue decrease to the Highway Allocation Fund, as well, which is distributed to cities and counties.

The DOR estimates minimal costs to it to implement this bill. There is no basis to disagree with this estimate.

The estimates from the Department of Transportation are from the DOR.

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

LB: 1342	AM:	AGENCY/POLT. SUB: Departm	nent of Revenue			
REVIEWED B	Y: Neil Sullivan	DATE: 2/27/2024	PHONE: (402) 471-4179			
COMMENTS:	COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1342 appears reasonable.					

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

LB: 1342

REVIEWED BY: Neil Sullivan

AM:

DATE: 2/27/2024

AGENCY/POLT. SUB: Department of Transportation

PHONE: (402) 471-4179

COMMENTS: The Department of Transportation assessment of fiscal impact from LB 1342 appears reasonable.

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

LB ⁽¹⁾ 1342				FISCAL NOTE
State Agency OR Political	Subdivision Name: (2)	Nebraska Departn	nent of Transportation	n (NDOT)
Prepared by: ⁽³⁾ Jenes	sa Boynton	Date Prepared: ⁽⁴⁾	2/27/2024 Pho	ne: (⁵⁾ 402-479-4691
ŀ	ESTIMATE PROVIDE	ED BY STATE AGEN	CY OR POLITICAL SUB	DIVISION
	EV a	024-25	E	Y 2025-26
	<u>F120</u> EXPENDITURES	<u>REVENUE</u>	<u>EXPENDITURES</u>	
GENERAL FUNDS				
CASH FUNDS		(1,827,000)		(3,289,000)
FEDERAL FUNDS				
OTHER FUNDS		(322,000)		(580,000)
TOTAL FUNDS		(2,149,000)		(3,869,000)

Explanation of Estimate:

LB 1342 proposes to exempt sales and purchases of electricity and natural gas for residential use from sales and use tax. The operative date of the bill is October 1, 2024.

Revenue to Build Nebraska Act Funds					
	FY2024-25	FY2025-26	FY2026-27		
Highway Trust Fund	\$1,827,000	\$3,289,000	\$3,453,000		
Highway Allocation Fund (cities and counties)	\$322,000	\$580,000	\$609,000		

This estimate of decreased tax revenue is from the Nebraska Department of Revenue. The decrease in the sales tax base will result in less available funding to the Highway Trust Fund for NDOT and the Highway Allocation Fund for cities and counties.

BREAKD	OWN BY MAJO	OR OBJECTS OF	EXPENDITURE	
Personal Services:				
	NUMBER OF	F POSITIONS	2024-25	2025-26
POSITION TITLE	24-25	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits	····			
Operating	••••			
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

d: 02/27/2024 <u>FY 202</u> Expenditures	25-2026 <u>Revenue</u>	Date Due LFO: Phone: 471-5896 FY 20 Expenditures	26-2027 Revenue
<u>FY 202</u>	25-2026	<u>FY 20</u>	
	_		
Expenditures	Revenue	Expenditures	Pevenue
			Revenue
	\$ (81,258,000)		\$ (85,320,000)
	\$(3,289,000)		\$(3,453,000)
	\$(23,796,000)		\$(24,986,000)
	\$ (108,343,000)		\$ (113,759,000)
		\$(23,796,000)	\$(23,796,000)

LB 1342 exempts sales and purchases of electricity and natural gas for residential use from sales and use tax, beginning October 1, 2024.

It is estimated that this bill will have the following impacts:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	State highway Capital Improvement Fund	Local (Assumes 1.5%)	
FY2024-25	\$ (51,592,000)	\$ (322,000)	\$ (1,827,000)	\$ (12,898,000)	
FY2025-26	\$ (81,258,000)	\$ (580,000)	\$ (3,289,000)	\$ (23,216,000)	
FY2026-27	\$ (85,320,000)	\$ (609,000)	\$ (3,453,000)	\$ (24,377,000)	
FY2027-28	\$ (89,586,000)	\$ (639,000)	\$ (3,626,000)	\$ (25,596,000)	

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

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	
Benefits								
Operating Costs								
Capital Outlay								
	nts							