John Wiemer January 30, 2024 402-471-0051

LB 1311

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202	4-25	FY 2025-26					
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE					
GENERAL FUNDS		\$32,267,000		\$37,490,000				
CASH FUNDS		\$1,187,000		\$1,518,000				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		\$33,454,000		\$39,008,000				

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

LB 1311 would make changes to the definition of gross receipts for sales and use taxes to remove from exceptions listed under gross income received for animal specialty services: veterinary services, specialty services performed on livestock as defined in section 54-183, and animal grooming performed by a licensed veterinarian or a licensed veterinary technician in conjunction with medical treatment.

LB 1311 would also make changes to include the gross income received for storage services and moving services under the definition of gross receipts for sales and use taxes.

This bill would become operative on July 1, 2024 and contains the emergency clause.

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

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund	Local Sales Tax (1.5%)	
FY2024-25	\$ 32,267,000	\$ 209,000	\$ 1,187,000	\$ 8,381,000	
FY2025-26	\$ 37,490,000	\$ 267,000	\$ 1,518,000	\$ 10,711,000	
FY2026-27	\$ 40,050,000	\$ 286,000	\$ 1,621,000	\$ 11,443,000	

There is estimated to be a revenue increase to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties. The DOR also estimates increases in tax revenue to local governments based upon a 1.5% sales and use tax rate.

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

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1311 AN	AG	AGENCY/POLT. SUB: Department of Revenue				
REVIEWED BY: Neil Sullivan		TE: 1/30/2024	PHONE: (402) 471-4179			
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1311 appears reasonable.						

State Agency Name: Department of	of Revenue]	Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	01/29/2024]	Phone: 471-5896	
	<u>FY 202</u> 4	4-2025	FY 2025	-2026	FY 202	6-2027
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$32,267,000		\$37,490,000		\$40,050,000
Cash Funds		\$1,187,000		\$1,518,000		\$1,621,000
Federal Funds						
Other Funds		\$8,590,000		\$10,978,000		\$11,729,000
Total Funds		\$42,044,000		\$49,986,000		\$53,400,000

LB 1311 amends §77-2701.16 (4)(g) to includes in gross receipts for veterinary services, specialty services performed on livestock as defined in section 54-183, and animal grooming performed by a licensed veterinarian or a licensed veterinary technician in conjunction with medical treatment.

LB 1311 also amends §77-2701.16 (4)(i) to include gross income for storage services and gross income received for moving services in the definition of gross receipts,

It is estimated that LB 1311 will have the following fiscal impact to the General Fund revenues:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund	Local Sales Tax (1.5%)
FY2024-25	\$ 32,267,000	\$ 209,000	\$ 1,187,000	\$ 8,381,000
FY2025-26	\$ 37,490,000	\$ 267,000	\$ 1,518,000	\$ 10,711,000
FY2026-27	\$ 40,050,000	\$ 286,000	\$ 1,621,000	\$ 11,443,000

It is estimated that there will be minimal costs for the Department of Revenue to implement LB 1311.

LB 1311 carries an emergency clause.

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>	
Travel	Travel							
Capital Outlay								
	nts							
Total								

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LB ⁽¹⁾ 1311				FISCAL NOTE
State Agency OR Political	Subdivision Name: ⁽²⁾	Nebraska Departn	nent of Transportation((NDOT)
Prepared by: ⁽³⁾ Jenes	sa Boynton	_ Date Prepared: ⁽⁴⁾	01/26/2024 Phone	e: (5) 402-479-4691
I	ESTIMATE PROVIDE	<u>D BY STATE AGEN</u>	<u>CY OR POLITICAL SUBDI</u>	VISION
	FY 20	24-25	FY	2025-26
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$1,187,000		\$1,518,000
FEDERAL FUNDS				
OTHER FUNDS		\$209,000		\$267,000
TOTAL FUNDS		\$1,396,000		\$1,785,000
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Explanation of Estimate:

LB1311 proposes to impose sales and used tax on gross receipts for veterinary services, specialty services performed on livestock as defined in section 54-183, animal grooming performed by a licensed veterinarian or a licensed veterinary technician in conjunction with medical treatment. In addition, storage services and moving services would be included in the gross receipt definition if enacted.

Revenue to Build Nebraska Act Funds					
FY2024-25 FY2025-26 FY2026-2					
Highway Trust Fund	\$1,187,000	\$1,518,000	\$1,621,000		
Highway Allocation Fund (cities and counties)	\$209,000	\$267,000	\$286,000		

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

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