

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See below		See below
CASH FUNDS		See below		See below
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 218 amends the definition of tangible personal property for purposes of the Nebraska Revenue Act of 1967 to exclude electric generation, transmission, distribution, and street lighting structures or facilities owned by a political subdivision. The bill also clarifies, in the definition of gross receipts, that the lease or use of electric generation, transmission, distribution, or street lighting structures or facilities owned by a political subdivision is not included in gross income received for installation, construction, servicing, or removal of property related to providing public utility services.

**Revenue:**

The Department of Revenue estimates revenue to the General Fund, State Highway Capital Improvement Fund, and Highway Allocation Fund as follows:

	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund
FY 2019-2020	(\$1,604,000)	(\$59,000)	(\$10,000)
FY 2020-2021	(\$1,785,000)	(\$72,000)	(\$13,000)
FY 2021-2022	(\$1,820,000)	(\$74,000)	(\$13,000)

However, notwithstanding the estimates from the department, Omaha Public Power District estimates the bill will decrease their expenditures by \$4.8 million in FY20 and \$4.2 million in FY21. OPPD's estimates are based on the estimated amount of sales tax due on projected costs of tangible property and gross receipts that would be redefined under the bill. Assuming OPPD's estimate can be expanded to other public utilities, the total statewide impact could be up to \$9 million per fiscal year.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 218	AM:	AGENCY/POLT. SUB: Omaha Public Power District	
REVIEWED BY: Lee Will	DATE: 1/22/2019	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with OPPD's assessment of fiscal impact.			



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**2019**

**LB<sup>(1)</sup> 218**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Omaha Public Power District

Prepared by: <sup>(3)</sup> Jim Anderson Date Prepared: <sup>(4)</sup> 1/18/19 Phone: <sup>(5)</sup> 402-636-3017

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$(4,767,121)</u>	<u>-</u>	<u>\$(4,209,675)</u>	<u>-</u>
CASH FUNDS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FEDERAL FUNDS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FUNDS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u><u>\$(4,767,121)</u></u>	<u><u>-</u></u>	<u><u>\$(4,209,675)</u></u>	<u><u>-</u></u>

**Explanation of Estimate:**

Estimated decreases in potential expenditures were based on projected capital expenditures by the district in 2019 and 2020. District identified projected costs that will be impacted by LB 218 and multiplied identified projected costs by general sales tax rate in District service area. Under new interpretation of Nebraska revenue statutes OPPD is exposed to additional sales tax on previously not taxed contractor labor for work done to be believed on Real Property projects as opposed to Personal Property projects under new interpretation. LB218 clarifies Nebraska revenue statutes to be consistent with prior year interpretations.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
			<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</u>
Benefits.....			<u>-</u>	<u>-</u>
Operating.....			<u>\$(1,133,810)</u>	<u>\$(1,106,412)</u>
Travel.....			<u>-</u>	<u>-</u>
Capital outlay.....			<u>-</u>	<u>-</u>
Aid.....			<u>-</u>	<u>-</u>
Capital improvements.....			<u>\$(3,633,311)</u>	<u>\$(3,103,263)</u>
<b>TOTAL.....</b>			<u><u>\$(4,767,121)</u></u>	<u><u>\$(4,209,675)</u></u>