

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$29,760,000		\$33,937,000
CASH FUNDS		\$1,095,000		\$1,374,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$30,855,000		\$35,311,000

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

LB 1308 would make changes so that sales and use taxes are imposed on the gross income for accounting services under the definition of gross receipts.

Under this bill, section 77-2704.64 is also outright repealed. This would eliminate the sales and use tax exemption on repair or replacement parts for agricultural machinery and equipment used in commercial agriculture.

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	\$ 29,760,000	\$ 193,000	\$ 1,095,000	\$ 7,729,000
FY2025-26	\$ 33,937,000	\$ 243,000	\$ 1,374,000	\$ 9,696,000
FY2026-27	\$ 35,572,000	\$ 254,000	\$ 1,440,000	\$ 10,163,000

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 no 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: 1308	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 1/30/2024	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1308 appears reasonable.			

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2024

LB⁽¹⁾ 1308

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 01/26/2024 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	\$1,095,000	_____	\$1,374,000
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	\$193,000	_____	\$243,000
TOTAL FUNDS	=====	\$1,288,000	=====	\$1,617,000

Explanation of Estimate:

LB1308 proposes to impose sales and use tax on the gross income received for accounting. In addition, LB1308 would repeal §77-2704.64 which provides a sales and use tax exemption on repair or replacement parts for agricultural machinery and equipment used in commercial agriculture.

Revenue to Build Nebraska Act Funds			
	FY2024-25	FY2025-26	FY2026-27
Highway Trust Fund	\$1,095,000	\$1,374,000	\$1,440,000
Highway Allocation Fund (cities and counties)	\$193,000	\$243,000	\$254,000

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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u> <u>EXPENDITURES</u>	<u>2025-26</u> <u>EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____