John Wiemer February 05, 2024 402-471-0051

LB 1315

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	\$188,745	\$304,762,000		\$466,786,000				
CASH FUNDS		\$36,378,000		\$64,549,000				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$188,745	\$341,140,000		\$531,335,000				

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

LB 1315 would change the state sales tax from 5.5% to 6.5% and would keep the exception that such rate would be 2.75% on transactions occurring within a good life district.

The bill would also change the credit to the Highway Trust Fund under section 77-27,132. Under the bill, all of the proceeds of the sales and use taxes derived from the sale or lease for periods of more than 31 days of motor vehicles, trailers, and semitrailers, except that the proceeds that are in excess of 6%, a change from 5%, derived from the sale or lease for periods of more than 31 days of motor vehicles, trailers, and semitrailers would be credited to the Highway Allocation Fund. This would add an additional 1% of sales tax to the Highway Trust Fund while keeping the distribution to the Highway Allocation Fund at 0.5%.

The Department of Revenue (DOR) estimates increases to General Fund and other fund revenues as a result of these changes to state sales tax under the bill via the table below. The increases to revenues other than General Fund below are a result of the changes to sales tax under the bill connected to specific items as detailed in section 77-27,132.

							G	ame and Parks
	General F		Highway Trust		Aeronautics Capital		Commission Capital	
	Revenues		Fund		Improvement Fund		Maintenance Fund	
FY 24-25	\$	304,762,000	\$	35,303,000	\$	167,000	\$	908,000
FY 25-26	\$	466,786,000	\$	62,638,000	\$	300,000	\$	1,611,000
FY 26-27	\$	485,179,000	\$	64,831,000	\$	315,000	\$	1,667,000

The DOR estimates a need for a one-time programming charge of \$188,745 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe and web development as a result of this bill.

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

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1315	AM:	AGENCY/POLT. SUB: Department of Reve	nue				
REVIEWED BY:	Neil Sullivan	DATE: 2/5/2024	PHONE: (402) 471-4179				
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1315 appears reasonable.							

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1315 AM: AGENCY/POLT. SUB: Department of Transportation							
REVIEWED BY:	Neil Sullivan	DATE: 2/5/2024	PHONE: (402) 471-4179				
COMMENTS: Th	COMMENTS: The Department of Transportation assessment of fiscal impact from LB 1315 appears reasonable.						

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

LB ⁽¹⁾ 1315				F	ISCAL NOTE		
State Agency OR Politi	cal Subdivision Name: ⁽²⁾	Nebraska Department of Transportation (NDOT)					
Prepared by: ⁽³⁾ Je	nessa Boynton	Date Prepared: ⁽⁴⁾	2/5/2024	Phone: (5)	402-479-4692		
ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION							
	FY	2024-25		FY 2025-26			
	EXPENDITURES	<u>REVENUE</u>	EXPENDITUR		REVENUE		
GENERAL FUNDS							
CASH FUNDS		\$35,470,000			\$62,938,000		
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		\$35,470,000			\$62,938,000		
				_			

Explanation of Estimate:

LB1315 proposes to change the rate of sales tax from 5.5% to 6.5% beginning October 1, 2024 with the exception of transactions which occur within the good life district and will remain at 2.75%.

	FY2024-25	FY2025-26	FY2026-27
Highway Trust Fund	\$35,303,000	\$62,638,000	\$64,831,000
Aeronautics Capital Improvement Fund	\$167,000	\$300,000	\$315,000

This estimate of increased tax revenue is from the Nebraska Department of Revenue. The increase in the sales tax rate will result in more available funding to the Highway Trust Fund and Aeronautics Capital Improvement Fund for NDOT.

BREA	<u>KDOWN BY MAJ(</u>	OR OBJECTS OF	<u>EXPENDITURE</u>	
Personal Services:				
	NUMBER OF	POSITIONS	2024-25	2025-26
POSITION TITLE	<u>24-25</u>	25-26	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Ajd				
			·	·
Capital improvements	•••••			
TOTAL				

Fiscal Note 2024

	State Agency Estimate									
State Agency Name: Department of	Revenue				Date Due LFO:					
Approved by: James R. Kamm		Date Prepared:	02/05/2024		Phone: 471-5896					
	<u>FY 202</u> 4	4-2025	FY 202	5-2026	<u>FY 202</u>	6-2027				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue				
General Funds	\$188,745	\$304,762,000		\$466,786,000		\$485,179,000				
Cash Funds		\$36,378,000		\$64,549,000		\$66,813,000				
Federal Funds										
Other Funds										
Total Funds	\$188,745	\$341,140,000		\$531,335,000		\$551,992,000				

E.t.

64-4- 4-

LB 1315 changes the state sales tax rate from 5.5% to 6.5% effective on October 1, 2024, except for the transactions occurring within a Good Life district where the rate will be 2.75%.

The estimated fiscal impact of LB 1315 to the General Fund revenues and various cash funds are as follows:

	General Fund Revenues	Highway Trust Fund	Aeronautics Capital Improvement Fund	Game and Parks Commission Capital Maintenance Fund	
FY2024-25	\$ 304,762,000	\$ 35,303,000	\$ 167,000	\$ 908,000	
FY2025-26	\$ 466,786,000	\$ 62,638,000	\$ 300,000	\$ 1,611,000	
FY2006-27	\$ 485,179,000	\$ 64,831,000	\$ 315,000	\$ 1,667,000	

LB 1315 will require a one-time programming charge of \$188,745 paid to the OCIO for mainframe development and web development.

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									
					\$188,745				
	ts								
T-4-1					\$188,745				