

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$159,583,000)		(\$251,344,000)
CASH FUNDS		(5,652,000)		(\$10,173,000)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		(\$165,235,000)		(\$261,517,000)

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

LB 496 seeks a sales and use tax exemption for business inputs.

The Department of Revenue (DOR) estimates the following impact to revenues from this bill:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	State highway Capital Improvement Fund
FY2023-24	\$ (159,583,000)	\$ (997,000)	\$ (5,652,000)
FY2024-25	\$ (251,344,000)	\$ (1,795,000)	\$ (10,173,000)
FY2025-26	\$ (263,912,000)	\$ (1,885,000)	\$ (10,682,000)
FY2026-27	\$ (277,107,000)	\$ (1,979,000)	\$ (11,216,000)

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund, which is distributed to cities and counties.

The DOR estimates minimal costs to implement the bill.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 496	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 2/7/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 496 appears reasonable.		



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**2023**

**LB<sup>(1)</sup> 496**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation

Prepared by: <sup>(3)</sup> Liza Alderman Date Prepared: <sup>(4)</sup> 2/7/23 Phone: <sup>(5)</sup> 402-479-4692

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

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(\$5,652,000)	_____	(\$10,173,000)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(\$997,000)	_____	(\$1,795,000)
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>(\$6,649,000)</b>	<b>=====</b>	<b>(\$11,968,000)</b>

**Explanation of Estimate:**

LB 496 defines the meaning of business inputs and what shall not be considered a business input. The bill also states sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of business inputs. This act becomes operative on October 1, 2023.

Revenue to Build Nebraska Act Funds				
	FY2023-24	FY2024-25	FY2025-26	FY2026-27
State Highway Capital Improvement Fund	(\$5,652,000)	(\$10,173,000)	(\$10,682,000)	(\$11,216,000)
Highway Allocation Fund (cities and counties)	(\$997,000)	(\$1,795,000)	(\$1,885,000)	(\$1,979,000)

This estimate of decreased tax revenue was obtained from the Nebraska Department of Revenue. The change in the sales tax base will significantly decrease revenues to the Build Nebraska Act funds resulting in less available funding to the State Highway Capital Improvement 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>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____