PREPARED BY: DATE PREPARED: PHONE: John Wiemer March 21, 2023 402-471-0051

**LB 694** 

Revision: 00

## **FISCAL NOTE**

## **LEGISLATIVE FISCAL ANALYST ESTIMATE**

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2023-24 FY 2024-25							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS		(\$26,726,333)		(\$30,613,000)				
CASH FUNDS		(\$901,667)		(\$1,239,000)				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		(\$27,628,000)		(\$31,852,000)				

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

LB 694 would expand the sales and use tax exemption for manufacturing machinery and equipment by adding machinery and equipment used to produce broadband communications services as a part of the exemption.

The Department of Revenue (DOR) estimates the following fiscal impact as a result of this bill:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund
FY23-24	(\$26,726,333)	(\$901,667)	(\$159,167)
FY24-25	(\$30,613,000)	(\$1,239,000)	(\$219,000)
FY25-26	(\$32,144,000)	(\$1,301,000)	(\$230,000)
FY26-27	(\$33,751,000)	(\$1,366,000)	(\$241,000)

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.

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

There is no basis to disagree with these estimates.

ADMINI	STRATIVE SERVICES	S STATE BUDGET DIVISION: REVIEW	/ OF AGENCY & POLT. SUB. RESPONSE			
LB: 694	LB: 694 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED B	Y: Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 694.						

ADMINIS	STRATIVE SERVICES	S STATE BUDGET DIVISION: REVIEW	OF AGENCY & POLT. SUB. RESPONSE			
LB: 694	AM:	AGENCY/POLT. SUB: Departm	ent of Transportation			
REVIEWED BY	Y: Neil Sullivan	DATE: 3/21/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Transportation assessment of fiscal impact from LB 694.						

		State Agency	Estimate			
State Agency Name: Department of	Revenue				Date Due LFO:	
Approved by: Glen White	Date Prepared:	03/20/2023	Phone: 471-5654			
		3-2024	FY 2024-2025		FY 2025-2026	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds         (\$26,726,333)           Cash Funds         (\$901,667)           Federal Funds         (\$159,167)		(\$26,726,333)	1	(\$30,613,000)		(\$32,144,000)
			(\$1,239,000)		(\$1,301,000)	
		(\$159,167)		(\$219,000)		(\$230,000)
Total Funds		(\$27,787,167)		(\$32,071,000)		(\$33,675,000)

LB 694 expands the sales and use tax for manufacturing machinery and equipment. This bill adds machinery and equipment used to produce broadband communications service to the exemption. The expanded exemption is from modifications to Neb. Rev. Stat. §§ 77-2701.46 and 77-2701.47.

Using data from the United States Telecom Association and the Bureau of Labor Statistics, the Department of Revenue (DOR) estimates the following fiscal impact:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund
FY23-24	(\$26,726,333)	(\$901,667)	(\$159,167)
FY24-25	(\$30,613,000)	(\$1,239,000)	(\$219,000)
FY25-26	(\$32,144,000)	(\$1,301,000)	(\$230,000)
FY26-27	(\$33,751,000)	(\$1,366,000)	(\$241,000)

The DOR estimates minimal costs to implement this bill.

This bill contains an emergency clause and becomes law upon enactment.

Major Objects of Expenditure								
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 Expenditures	24-25 Expenditures	25-26 Expenditures	
Operating Costs					\$0			
Travel								
	ts							
					\$0			

Capital improvements......

TOTAL.....

<b>LB</b> (1)	694					F	ISCAL NOTE	
State Agency OR Political Subdivision Name: (2)			Nebraska Department of Transportation					
Prepar	ed by: <sup>(3)</sup>	Liza Alderman	D	ate Prepared: <sup>(4)</sup>	3/17/23	Phone: (5)	402-479-4692	
		ESTIMATE PROV	IDED I	BY STATE AGEN	CY OR POLITIC	AL SUBDIVISIO	ON	
		FY	2023-2	24		FY 2024-2	25	
		EXPENDITURE		REVENUE	EXPENDIT		REVENUE	
GENE	RAL FUN	DS	_					
CASH 1	FUNDS			(901,667)			(1,239,000)	
FEDEI	RAL FUN	DS	_					
OTHE	R FUNDS	}	_	(159,167)	·		(219,000)	
TOTA	L FUNDS		_	(1,060,834)			(1,458,000)	
and no comm progra	ot include unication mming a	d to produce broadbanded as machinery and equals service is defined as to define the defined in 47 U.S.C 52 ion 1104 of the Internet	iipment elecom 22, as s	for broadband of munications ser uch section exist	communications vices as defined sted on January	services. In ad in section 77-	ddition, broadband 2703.04, video	
		F	Revenue	to Build Nebrask	a Act Funds			
				FY2023/24	FY2024/25	FY2025/26	FY2026/27	
		ay Capital Improvement Fu		\$ (901,667)	\$ (1,239,000)	\$ (1,301,000) \$ (230,000)		
Tot		cation Fund (cities and cou	inties)	\$ (159,167) \$ (1,060,834)	\$ (219,000)	\$ (230,000) \$ (1,531,000)		
in the	sales tax ate Highv	of decreased tax revenue base will reduce revenue way Capital Improvemen	ies to th t Fund	ne Build Nebrasl for NDOT and th	ka Act funds res ne Highway Allo	ulting in less a cation Fund fo	vailable funding to	
Person	al Service		WN BY	MAJOR OBJECT	S OF EXPENDIT	<u>'URE</u>		
<u>r croon</u>		N	IUMBEI	R OF POSITIONS			2024-25	
	POSIT	TION TITLE	<u>23-24</u>	<u>24-25</u> 	EXPENDI'	<u>TURES                                    </u>	EXPENDITURES	
Travel								
Capital	outlay							
Aid								