PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 23, 2024 402-471-0051

LB 901

Revision: 00

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		(\$2,021,000)		(\$3,183,000)			
CASH FUNDS		(\$72,000)		(\$129,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$2,093,000)		(\$3,312,000)			

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

LB 901 would amend Section 77-2704.12 to provide additional sales and use tax exemptions for nonprofit organizations. Subdivision (j) would be added to provided a sales tax exemption to a nonprofit organization, until the property is transferred or the contract is completed, that acquires property that will be transferred to an organization listed in subdivisions (a) through (i) of section 77-2704.12 or enters into a contract of construction, improvement, or repair upon property annexed to real estate if the property will be transferred to an organization listed in subdivisions (a) through (i) of section 77-2704.12.

The operative date of the bill is October 1, 2024.

The Department of Revenue (DOR) estimates the following revenue impact from the bill as follows:

Fiscal Year	General Funds	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund
FY 2024-25	(\$2,021,000)	(\$13,000)	(\$72,000)
FY 2025-26	(\$3,183,000)	(\$23,000)	(\$129,000)
FY 2026-27	(\$3,343,000)	(\$24,000)	(\$135,000)
FY 2027-28	(\$3,501,000)	(\$25,000)	(\$142,000)

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

The DOR estimates minimal 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: 901	LB: 901 AM: AGENCY/POLT. SUB: Department of Transportation					
REVIEWED BY: Neil Sullivan DATE: 1/22/2024 PHONE: (402) 471-4179						
COMMENTS: The Department of Transportation assessment of fiscal impact from LB 901 appears reasonable.						

Please complete ALL (5) bla	anks in the first three	e lines.				2024
LB ⁽¹⁾ 901					FI	SCAL NOTE
State Agency OR Political S	ubdivision Name: (2)	Nebrasi	ka Departm	ent of Transpo	rtation (NDO	Γ)
Prepared by: (3) Rahma	an Rahmani	Date F	Prepared: (4)	1/12/2024	Phone: (5)	102-479-4692
E	STIMATE PROVID	ED BY ST	TATE AGENO	CY OR POLITICA	L SUBDIVISIO	N
	<u>FY 9</u>	2024-2 <u>5</u>			FY 2025-2	<u>86</u>
	EXPENDITURES	<u>F</u>	<u>REVENUE</u>	EXPENDI	<u>rures</u>	<u>REVENUE</u>
GENERAL FUNDS						
CASH FUNDS			(\$72,000)			(\$129,000)
FEDERAL FUNDS						
OTHER FUNDS			(\$13,000)			(\$23,000)
TOTAL FUNDS			(\$85,000)		 =	(\$152,000)
Explanation of Estimate:						
LB 901 would provide a which will be transferred or (ii) enters into a contr property as listed in sub or the contract is complete.	I to an organizatio act of constructior divisions (a) throu	n listed in n, improve gh (i) of S	subdivision ement, or re State Statute	s (a) through (i) epair upon prope e 77-2704.12 (1)	of State Statut rty annexed to	e 77-2704.12 (1) real estate if the
	Reve	nue to Bu	ild Nebrask	a Act Funds		
			FY2024-25	5 FY2025-26	FY2026-27	FY2027-28
Highway Trust Fund			(\$72,000) (\$129,000)	(\$135,000)	(\$142,000)
Highway Allocation I	Fund (cities and co	ounties)	(\$13,000) (\$23,000)	(\$24,000)	(\$25,000)
This estimate of decreases tax base will diver						

sales tax base will divert revenues from the Build Nebraska Act Funds resulting in less available funding to the Highway Trust Fund for NDOT and the Highway Allocation Fund for cities and counties.

BREAKDO	OWN BY MAJO	OR OBJECTS OF	EXPENDITURE		
Personal Services:					
POSITION TITLE	NUMBER OF POSITIONS <u>24-25</u> <u>25-26</u>		2024-25 <u>EXPENDITURES</u>	2025-26 EXPENDITURE	
Benefits					
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements					
TOTAL	•••				

LB 901 Fiscal Note 2024

		State Agency	Estimate			
State Agency Name: Department o	f Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	01/19/2024		Phone: 471-5896	
	FY 2024	<u>1-2025</u>	FY 202	<u>5-2026</u>	FY 2020	6-2027
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		(\$2,021,000)		(\$3,183,000)		(\$3,343,000)
Cash Funds		(\$72,000)		(\$129,000)		(\$135,000)
Federal Funds						
Other Funds		(\$13,000)		(\$23,000)		(\$24,000)
Total Funds		(\$2,106,000)		(\$3,335,000)		(\$3,502,000)

LB 901 creates a new category for another type of organization that can be granted the sales and use tax exemption provided by Neb. Rev. Stat. § 77-2704.12. An exemption will be granted to any nonprofit organization that:

- 1) is going to acquire property that will be transferred to any of the organizations listed in § 77-2704.12(1)(a) through (i), or
- 2) enters into a contract for construction, improvement, or repair of property annexed to real estate if that property will be transferred to any of the organizations listed in § 77-2704.12(1)(a) through (i). The exemption is granted until the property is transferred, or the contract is completed.

The estimated impact of LB 901 on the following funds are as follows:

Fiscal Year	General Funds	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund
FY 2024-25	(\$2,021,000)	(\$13,000)	(\$72,000)
FY 2025-26	(\$3,183,000)	(\$23,000)	(\$129,000)
FY 2026-27	(\$3,343,000)	(\$24,000)	(\$135,000)
FY 2027-28	(\$3,501,000)	(\$25,000)	(\$142,000)

It is estimated that there will be minimal costs to the Department to implement this bill.

The operative date for this bill is October 1, 2024.

	Major	r Objects of E	Expendit	ure			
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures
Benefits							
Operating Costs							
Capital Outlay							
Total							