

**FISCAL NOTE**  
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	523,247	SEE BELOW	0	0	SEE BELOW
FY2027-2028	136,300	SEE BELOW	0	0	SEE BELOW
FY2028-2029	140,300	SEE BELOW	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	12,976,000	0	0	12,976,000
FY2027-2028	0	32,779,000	0	0	32,779,000
FY2028-2029	0	34,080,000	0	0	34,080,000

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

LB 1025 establishes the Social Media Collection of Consumer Data Tax Act.

Under the bill, beginning January 1, 2027, an excise tax is imposed on the collection of consumer data by a social media platform business. The excise tax is based on the number of Nebraska consumers from whom a social media platform business collects consumer data within a month as follows:

- Fewer than or equal to 50,000 Nebraska Consumers: Zero tax
- Over 50,000 but not more than 250,000 Nebraska Consumers: \$0.10 per month on the number of Nebraska consumers over 50,000 but not more than 250,000
- Over 250,000 but not more than 500,000 Nebraska Consumers: \$40,000 plus \$0.25 per month on the number of Nebraska consumers over 250,000 but not more than \$500,000
- Over 500,000 Nebraska Consumers: \$165,000 plus \$0.50 per month on the number of Nebraska consumers over 500,000.

All taxes collected shall be remitted to the State Treasurer for credit to the Juvenile Mental Health Support Fund.

A social media platform business must report the tax on a return prescribed by the Tax Commissioner and must remit the tax in a form and manner prescribed by the Tax Commissioner. The return and the tax must be filed and paid using the filing cycle and due dates provided for sales and use tax imposed under the Nebraska Revenue Act of 1967.

The bill creates the Juvenile Mental Health Support Fund. The Fund shall be administered by the Department of Health and Human Services (DHHS) and shall consist of the excise tax revenue under this bill. Any money in the Juvenile Mental Health Support Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. The fund shall be used by DHHS for the programming and facilities associated with providing juvenile mental health services.

The Tax Commissioner may adopt and promulgate rules and regulations necessary to carry out the Social Media Collection of Consumer Data Tax Act.

We utilize the following estimate of an increase in revenues to the Juvenile Mental Health Support Fund provided by the Department of Revenue (DOR):

- FY27: \$12,976,000
- FY28: \$32,779,000
- FY29: \$34,080,000

The DOR estimates a one-time programming charge of \$385,947 paid to the Office of the Chief Information Officer for mainframe and web development as well as 1.0 FTE Information Technology Supervisor as a result of the bill. There is no basis to disagree with this estimate.

DHHS estimates a need for cash spending authority based on revenue credited to the Juvenile Mental Health Support Fund but does not know how the Fund's revenues would be utilized regarding the programming and facilities associated with providing juvenile mental health services.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1025      AM:      AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Ryan Yang      DATE: 2/17/2025      PHONE: (402) 471-4178

COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1025 appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1025      AM:      AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)

REVIEWED BY: Ryan Yang      DATE: 2/17/2026      PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the DHHS assessment of fiscal impact from LB 1025.

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

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-12-2026

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	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>		\$43,670,994		\$43,670,994
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$0	\$43,670,994	\$0	\$43,670,994

Return by date specified 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB1025 would enact the Social Media Collection of Consumer Data Tax Act and establish the Juvenile Mental Health Support Fund. The estimated number of Nebraska social media platform consumers was derived from US Census data and the total of American social media platform consumers. If enacted, Nebraska could generate an estimated \$43,670,994 in annual tax revenue. This impact assumes the Department of Health and Human Services will receive all tax revenue generated under this act. However, LB1025 as written states all taxes collected under the newly created Social Media Collection of Consumer Data Tax Act would be remitted to the State Treasurer for credit to the Juvenile Mental Health Support Fund.

The department would need the corresponding cash authority to spend this revenue on programming. No expense was listed because the department does not know what services would be provided through these funds defined as juvenile mental health services.

**MAJOR OBJECTS OF EXPENDITURE**

**PERSONAL SERVICES:**

POSITION TITLE	NUMBER OF POSITIONS		2026-2027 EXPENDITURES	2027-2028 EXPENDITURES
	26-27	27-28		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$43,670,994</b>	<b>\$43,670,994</b>



The burden is on the social media platform business to prove a consumer is not a Nebraska consumer.

- Nebraska consumers must be counted only once per social media platform when calculating the monthly tax imposed on a social media platform business.
- A social media platform that has paid tax under the Act may claim credit against the tax paid with respect to a Nebraska consumer if another state imposes an excise tax identical to the tax imposed under the Act with respect to the same consumer.
- Business entities that are part of a controlled group of corporations as defined in section 1563(a) of the IRC will be treated as a single entity for purposes of meeting the definition of a social media platform business under the Act.
- The single member of a single member limited liability company will be treated as a consumer under this section.

Section 5 requires a social media platform business to report the tax on a return and to remit the tax in the form and manner prescribed by the Tax Commissioner. The return and tax must be filed and paid using the filing cycle and due dates provided for sales and use taxes under the Nebraska Revenue Act of 1967.

Section 6 provides that Neb. Rev. Stat. §§ 77-2714 to 77-27,135 relating to deficiencies, penalties, interest, the collection of delinquent amounts, confidentiality, refunds, and appeal procedures for the tax imposed by § 77-2734.02 will also apply to the tax imposed under the Act. Social media platform businesses must maintain records as required by the Tax Commissioner.

Section 2 provides the following for the terms and definitions in the Act:

- Any term will have the same meaning as used in Chapter 77, article 27, except as otherwise defined in the Act.
- Consumer means an individual who establishes an account on an app or website owned by a social media platform business whose consumer data is collected by the social media platform business regardless of whether the individual is charged for establishing the account.
- Consumer data means any information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked with a consumer, whether directly submitted to the social media platform business by the consumer or derived from other sources.
- Internet protocol address means a unique string of characters or other identifier assigned to each device connected to a network for communication.
- Nebraska consumer means a consumer who is a resident individual as defined in Neb. Rev. Stat. § 77-2714.01.
- Social media platform business means an electronic medium, including a browser-based or application-based interactive computer service, Internet website, telephone network, or data network, that allows an account holder to create, share, and view user-generated content for a substantial purpose of social interaction, sharing user-generated content, or personal networking. Social media platforms do not include:
  - Internet search providers.
  - Internet service providers.
  - Email services.
  - Streaming services, online video games, e-commerce, or other internet websites where the content is not user generated but where interactive functions enable chat, comments, reviews, or other interactive functionality that is incidental to, directly related to, or dependent upon providing the content.
  - Communication services, including text, audio, or video communication technology, provided by a business to the business's employees and clients for use in the course of business activities and

not for public distribution, except that social media platforms include a communication service provided by a social media platform.

- Advertising networks with the sole function of delivering commercial content.
  - Telecommunications carriers as defined in 47 U.S.C. 153.
  - Broadband Internet access services as defined in 47 C.F.R. 8.1(b).
  - Single-purpose community groups for education or public safety.
  - Teleconferencing or video-conferencing services that allow reception and transmission of audio and video signals for real-time communication, except that social media platforms include teleconferencing or video-conferencing services provided by a social media platform.
  - Cloud computing services, which include cloud storage and shared document collaboration.
  - Providing or obtaining technical support for a platform, product, or service; or
  - Platforms are designed primarily and specifically for creative professional users, as distinct from the public, to share their portfolio and creative content, engage in professional networking, acquire clients, and market creative professional user’s creative content and creative services through facilitated transactions.
- Social media platform business means a for-profit entity that operates a social media platform that engages, collects, processes, sells, or shares consumer data in support of the business entity’s business activities.

Section 8 provides that the Tax Commissioner may adopt and promulgate rules and regulations necessary to carry out the Act.

It is estimated that LB 1025 will have the following impact:

Fiscal Year	Juvenile Mental Health Support Fund
FY2026-27	\$ 12,976,000
FY2027-28	\$ 32,779,000
FY2028-29	\$ 34,080,000

LB 1025 will require a one-time programming charge of \$385,947 paid to the OCIO for mainframe development and web development. The Department will need to hire 1.0 FTE of the Information Technology Supervisor to implement the bill.

The operative date for this bill is January 1, 2027.