

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	20,235	105,300	60,705	0	186,240
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	(9,592,000)	12,104,000	0	0	2,512,000
FY2027-2028	(9,347,000)	13,687,000	0	0	4,340,000
FY2028-2029	(9,264,000)	13,782,000	0	0	4,518,000

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

LB 1110 provides that the Department of Health and Human Services (DHHS) and the Department of Revenue (DOR), for the purpose of the proper administration of the laws administered by each agency, may disclose confidential information about persons, business, and state and local subdivisions to the other agency.

Section 2 of the bill provides the following:

- The DOR shall add a collection fee in the amount of \$25 or 10% of the tax liability, whichever is greater, to all delinquent tax claims. In addition to the collection fee, the DOR shall add the actual costs incurred by the DOR to collect delinquent taxes to the tax liability at the time such costs are incurred.
- The DOR shall add an assessment fee in the amount of \$25 or 10% of the tax liability, whichever is greater, to all assessments and notices of deficiency when issued. If the assessment or notice of deficiency becomes due and owing, the assessment fee shall be recalculated on the tax liability as of the date when the assessment or notice of deficiency becomes due and owing.
- The Tax Commissioner may require any person filing a petition for redetermination of a notice and demand for payment issued pursuant to section 77-1783.01 or a notice of a deficiency determination issued pursuant to the Nebraska Revenue Act of 1967, to remit a filing fee of \$40 to the DOR.
- All applications for a waiver of interest or penalty pursuant to the statutory authority of the Tax Commissioner shall be submitted with a fee of \$25.
- All written requests for a certificate stating no tax is due which are filed pursuant to section 77-2707 shall be submitted with a fee of \$25.

The fees and costs collected by the DOR pursuant to section 2 shall be remitted to the State Treasurer for credit to the DOR Enforcement Fund. Beginning on January 1, 2027, and on January 1 of successive years, the DOR shall increase the fees provided for in section 2 based on inflation.

The bill amends section 9-1,101 to remove the provision that the taxes collected and available to the Charitable Gaming Division pursuant to section 77-3012 shall be used by the division for enforcement of the Mechanical Amusement Device Tax Act and maintenance of the central server established pursuant to section 77-3013.

The bill amends section 77-367 to eliminate the 10% of proceeds that are credited to the DOR Enforcement Fund from being used for purposes of identifying nonfilers, underreporters, nonpayers, and improper or fraudulent payments.

The bill amends section 77-377.01 to remove the agency from having expenditures regarding delinquent tax claims that may be assigned to the collection agency, for the purpose of litigation in the agency's name.

The bill amends section 77-377.02 to add a subsection (2) to provide that if, at the time a delinquent tax claim is assigned to a collection agency, any collection fees or costs were added to the tax liability pursuant to subsections (1) and (2) of section 2 of the bill, then a portion of such fees and costs, up to 50% of the balance of the delinquent tax claim, shall be added to the amount owed and collected from the taxpayer along with the fees for the collection agency's services as provided in the contract. The collection fees and costs added to the amount owed and collected from the taxpayer pursuant to this subsection shall be remitted and deposited in the same manner as the taxes being collected.

The bill amends section 77-3,109 so that the DOR shall credit any charges to persons and state agencies for the specified publications to the DOR Enforcement Fund.

The bill amends section 77-3,118 so that the DOR shall credit charges to persons and state agencies for any listings made by the DOR of information that is not confidential to the DOR Enforcement Fund.

The bill amends section 77-27,107 to provide that the Tax Commissioner may register a claim for any delinquent taxes due and owing as a judgment in the office of the clerk of the district court of Lancaster County in the same manner as a foreign judgment is filed under the Nebraska Uniform Enforcement of Foreign Judgments Act.

The bill amends section 77-3012 to change the 20% of the distribution of the cash device tax to be credited to the DOR Enforcement Fund instead of the Charitable Gaming Operations Fund.

The bill amends section 77-4025 to change that all amounts credited to the Tobacco Products Administration Cash Fund, before credits and refunds, shall be transferred to the DOR Enforcement Fund. Also, all costs required for administration of the Tobacco Products Tax Act and credits and refunds allowed under the Act shall be paid from the DOR Enforcement Fund instead of the Tobacco Products Administration Cash Fund. Additionally, the bill eliminates the following transfers from the Tobacco Products Administration Cash Fund to the General Fund:

- FY26: \$9.5 million
- FY27: \$9.5 million
- FY28: \$9.0 million
- FY29: \$9.0 million

The bill amends section 77-5601 to change the uses of the DOR Enforcement Fund so that money in the fund shall be used by the DOR for the administration and enforcement of any activity or function administered by the Tax Commissioner. The bill also removes investment earnings from investment of money in the fund from being credited to the General Fund.

The bill is operative July 1, 2026

The bill contains the emergency clause.

There is no basis to disagree with the estimates by the DOR, except we estimate no revenue impacts in FY26 as the operative date of the bill is July 1, 2026 which is the start of FY27. Therefore, the change under the bill of the \$9.5 million being transferred to the DOR Enforcement Fund instead of the General Fund in FY26 would not occur based upon the July 1, 2026 operative date. Thus, the estimated General Fund and Cash Fund revenue impact as a result of the bill is shown in the table below:

<i>Fiscal Year</i>	<i>General Fund</i>	<i>DOR Enforcement Fund</i>	<i>Charitable Gaming Operations Fund</i>
FY27	(\$9,592,000)	\$13,359,000	(\$1,255,000)
FY28	(\$9,347,000)	\$15,410,000	(\$1,723,000)
FY29	(\$9,264,000)	\$15,557,000	(\$1,775,000)

The DOR estimates a one-time charge of \$105,300 in FY26 to be paid to the Office of the Chief Information Officer (OCIO) for programming and development costs paid from the DOR Enforcement Fund. Based on the operative date of July 1, 2026, these Cash Fund expenditures are estimated to be in FY27.

DHHS estimates IT costs totaling \$80,940 in FY27 as a result of the bill. These costs consist of \$20,235 General Funds and \$60,705 Federal Funds. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1110	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 2/4/2026	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of positive fiscal impact to the agency from LB 1110 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1110	AM:	AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)
REVIEWED BY: Ryan Yang	DATE: 2/4/2026	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the DHHS assessment of fiscal impact to the agency from LB 1110.		

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 2-3-2026

Phone: (5) 471-6719

	FY 2026-2027		FY 2027-2028	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$20,235			
CASH FUNDS				
FEDERAL FUNDS	\$60,705			
OTHER FUNDS				
TOTAL FUNDS	\$80,940	\$0	\$0	\$0

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

Explanation of Estimate:

LB1110 would allow the Department of Health and Human Services (DHHS) and the Department of Revenue (DOR) to share and disclose confidential information about persons, businesses, and state and local subdivisions. The confidential information shared shall only be used for the proper administration of the laws administered by each agency.

Implementation of this bill would require the Office of Economic Assistance (OEA), Department of Public Health (PH), and Medicaid and Long Term Care (MLTC) to create data-sharing agreements and processes. Staff time may be needed to initiate data sharing between DOR and DHHS. These costs will be absorbed with current staff and resources.

Information Systems Technology (IS&T) CHARTS would require updates, and the estimated cost would be \$29,600. IS&T NFOCUS system would also need updates, and the total estimated costs would be \$51,340.

The total cost for system updates would be \$80,940.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			\$80,940	
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$80,940	\$0

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 02/03/2026			
				Phone: 471-5896			
		FY 2025-2026		FY 2026-2027		FY 2027-2028	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$(9,500,000)			\$(9,592,000)		\$(9,347,000)
Cash Funds	\$105,300	\$9,500,000			\$12,104,000		\$13,687,000
Federal Funds							
Other Funds							
Total Funds	\$105,300	\$ 0			\$2,512,000		\$4,340,000

LB 1110 does the following:

Section 1 allows for the disclosure of confidential information between the Department of Health and Human Services (DHHS) and the Department of Revenue (DOR) for the proper administration of the laws administered by each agency. The confidential information may be about persons, businesses, and state and local subdivisions. The disclosure may be made notwithstanding any other provision of Nebraska law regarding disclosure of information by either agency. Any information received by either agency is considered confidential by the receiving agency. Any individual who discloses such information other than as specifically allowed will be subject to penalties normally imposed on individuals for improper disclosure of confidential information.

Section 2 provides the following:

- (1) The DOR will add a collection fee of \$25 or 10% of the tax liability, whichever is greater, to all delinquent tax claims regardless of whether the claim has been assigned to a collection agency under Neb. Rev. Stat. §§ 77-377.01 to 77-377.04. Delinquent tax claim has the same meaning as in § 77-377.01.
- (2) In addition to the collection fee in subsection (1), the DOR will add the actual costs incurred by the DOR to collect delinquent taxes to the tax liability at the time such costs are incurred.
- (3) The DOR will add an assessment fee of \$25 or 10% of the tax liability, whichever is greater, to all assessments and notices of deficiency when issued. If the assessment or notice of deficiency becomes due and owing, the assessment fee will be recalculated on the tax liability as of the date when the assessment or notice of deficiency becomes due and owing.
- (4)
 - a. The Tax Commissioner may require any person to remit a \$40 filing fee when filing a petition for redetermination of:
 - (i) a notice and demand for payment issued under § 77 1783.01 or
 - (ii) a notice of a deficiency determination issued under the Nebraska Revenue Act of 1967.
 - b. Any person may file an application with the DOR claiming he or she is indigent. A person determined indigent by the DOR will not be required to remit the filing fee in subsection 4(a). LB 1110 defines indigent and provides the circumstances the DOR will consider when making the determination.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....					\$105,300		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....					\$105,300		

- (5) All applications for waiver of interest or penalty under the statutory authority of the Tax Commissioner will be submitted with a \$25 fee.
- (6) All written requests for a certificate stating no tax is due under § 77-2707 will be submitted with a \$25 fee.
- (7) The fees and costs collected by the DOR under this section will be remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund (DOR Enforcement Fund).
- (8) Beginning January 1, 2027, and each January 1 of successive years, the DOR will increase the fees provided in this section by the percentage change, if any, as of August of the previous year over the level as of August of the year preceding that year in the Consumer Price Index of all Consumers, Midwest Region, as published by the Bureau of Labor Statistics of the U.S. Department of Labor.

Section 3 amends Neb. Rev. Stat. § 9-1,101 to eliminate the provision that all taxes collected and available to the Charitable Gaming Division under § 77-3012 will be used for the Mechanical Amusement Device Tax Act and maintenance of the central server established under § 77-3013.

In addition to Section 2(7), the following sections provide amendments related to the DOR Enforcement Fund:

- Section 4 eliminates the requirement in § 77-367(2) to use the proceeds deposited in the DOR Enforcement Fund for purposes of identifying nonfliers, underreporters, nonpayers, and improper or fraudulent payments.
- Section 7 amends § 77-3,109 to provide that DOR will remit all funds received from purchases of certain DOR publications to the State Treasurer for credit to the DOR Enforcement Fund.
- Section 8 amends § 77-3,118 to provide that the funds received for any listings made by DOR of information that is not confidential will be remitted to the DOR Enforcement Fund.
- Section 10 amends § 77-3012 to provide that 20% of the net operating revenue tax on cash devices will go to the DOR Enforcement Fund instead of the Charitable Gaming Operations Fund.
- Section 11 amends § 77-4025 to transfer all amounts credited to the Tobacco Products Administration Cash Fund, before credits and refunds, to the DOR Enforcement Fund.
- Section 12 amends § 77-5601 to remove a transfer to the DOR Enforcement Fund of 10% of all proceeds received during the calendar year for contracts entered into under § 77-367.

Section 5 eliminates the provision that the assignment of delinquent tax claims to a collection agency under § 77-377.01, for purposes of litigation in the agency's name, will be at the agency's expense.

Section 6 amends § 77-377.02 to provide that if any collection fees or costs were added to the tax liability at the time a delinquent tax claim is assigned to a collection agency under Section 2(1) and (2) of LB 1110, then a portion of the fees or costs, up to 50% of the balance of the delinquent tax claim, will be added to the amount owned and collected from the taxpayer along with the fees for the collection agency's services as provided in the contract. The collection fees and costs added to the amount owned and collected from the taxpayer under this subsection will be remitted and deposited in the same manner as the taxes being collected. For purposes of this subsection, delinquent tax claim will have the same meaning as in § 77-377.01.

Section 9 amends § 77-27,107 to provide that the Tax Commissioner may register a claim for any delinquent taxes due and owing as a judgment in the office of the clerk of the district court of Lancaster County in the same manner as a foreign judgment is filed under the Nebraska Uniform Enforcement of Foreign Judgments Act.

Section 11 eliminates § 77-4025(3), which provides the following transfers from the Tobacco Products Administration Cash Fund to the General Fund:

- \$9.5 million to occur on or after July 1, 2025, but on or before June 30, 2026;
- \$9.5 million to occur on or after July 1, 2026, but on or before June 30, 2027;

- \$9.0 million to occur on or after July 1, 2027, but on or before June 30, 2028; and
- \$9.0 million to occur on or after July 1, 2028, but on or before June 30, 2029.

Section 13 provides the operative date is July 1, 2026.

Section 15 contains the emergency clause.

It is estimated that LB 1110 will have the following impact:

Fiscal Year	General Fund revenues	Revenue Enforcement Fund	Charitable Gaming Operation Fund
FY25-26	\$ (9,500,000)	\$ 9,500,000	\$ -
FY26-27	\$ (9,592,000)	\$ 13,359,000	\$ (1,255,000)
FY27-28	\$ (9,347,000)	\$ 15,410,000	\$ (1,723,000)
FY28-29	\$ (9,264,000)	\$ 15,557,000	\$ (1,775,000)

LB 1110 requires a one-time charge of \$105,300 paid to the OCIO for programming and development costs. However, the DOR will use the increased in the Revenue Enforcement Fund, as described in section 2 of the bill, to cover the OCIO implementation costs.