

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|----------------|-------------------|-----------------|
| | FY 2025-26 | | FY 2026-27 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | (\$55,170,000) | | (\$134,395,000) |
| CASH FUNDS | | (\$2,233,000) | | (\$5,439,000) |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | (\$57,403,000) | | (\$139,834,000) |

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

LB 117 exempts sales and use taxes for sales and purchases of utilities including electricity, natural gas, propane, and sewer for residential use. Residential use includes, but is not limited to use at a primary residence that is an apartment where the cost of such utilities is paid as a separate line-item charge from rent and use at a commercial property where the primary use of the property is as one or more primary residences.

The operative date for this bill is January 1, 2026.

The Department of Revenue (DOR) estimates the following decrease to revenues and minimal costs as a result of this bill:

| Fiscal Year | General Fund Revenues | Highway Allocation Fund (Cities and Counties) | State highway Capital Improvement fund | Local (assume 1.5%) |
|-------------|-----------------------|---|--|---------------------|
| FY25-26 | \$ (55,170,000) | \$ (394,000) | \$ (2,233,000) | \$ (15,303,000) |
| FY26-27 | \$ (134,395,000) | \$ (959,000) | \$ (5,439,000) | \$ (38,398,000) |
| FY27-28 | \$ (138,427,000) | \$ (988,000) | \$ (5,603,000) | \$ (39,550,000) |
| FY28-29 | \$ (142,579,000) | \$ (1,018,000) | \$ (5,771,000) | \$ (40,737,000) |

There is no basis to disagree with these estimates by the DOR, except that revenue losses to the State Highway Capital Improvement Fund should be for the Highway Trust Fund. Thus, there is estimated to be a revenue decrease to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties. The DOR also estimates decreases in tax revenue for local governments based upon a 1.5% sales and use tax rate.

Multiple cities responded estimating revenue decreases, as well, due to a loss in sales and use tax revenue.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|--|-----------------|--|--|
| LB: 117 | AM: | AGENCY/POLT. SUB: City of Grand Island | |
| REVIEWED BY: Ryan Yang | DATE: 1/15/2025 | PHONE: (402) 471-4178 | |
| COMMENTS: Concur with the City of Grand Island assessment of fiscal impact from LB 117. | | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|--|-----------------|--|--|
| LB: 117 | AM: | AGENCY/POLT. SUB: City of North Platte | |
| REVIEWED BY: Ryan Yang | DATE: 1/15/2025 | PHONE: (402) 471-4178 | |
| COMMENTS: Concur with the City of North Platte assessment of fiscal impact from LB 117. | | | |

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

LB: 117 AM: AGENCY/POLT. SUB: City of Wahoo

REVIEWED BY: Ryan Yang DATE: 1/16/2025 PHONE: (402) 471-4178

COMMENTS: Concur with the City of Wahoo assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of Scribner

REVIEWED BY: Ryan Yang DATE: 1/17/2025 PHONE: (402) 471-4178

COMMENTS: Concur with the City of Scribner assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of York

REVIEWED BY: Ryan Yang DATE: 1/17/2025 PHONE: (402) 471-4178

COMMENTS: Concur with the City of York assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of South Sioux City

REVIEWED BY: Ryan Yang DATE: 1/17/2025 PHONE: (402) 471-4178

COMMENTS: Concur with the City of South Sioux City assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of Gibbon

REVIEWED BY: Ryan Yang DATE: 1/17/2025 PHONE: (402) 471-4178

COMMENTS: Concur with the City of Gibbon assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of Norfolk

REVIEWED BY: Ryan Yang DATE: 1/17/2025 PHONE: (402) 471-4178

COMMENTS: Concur with the City of Norfolk assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of Beatrice

REVIEWED BY: Ryan Yang DATE: 1/17/2025 PHONE: (402) 471-4178

COMMENTS: Concur with the City of Beatrice assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of Omaha

REVIEWED BY: Ryan Yang DATE: 1/28/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the City of Omaha assessment of lost revenue from LB 117.

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

LB: 117 AM: AGENCY/POLT. SUB: City of Papillion

REVIEWED BY: Ryan Yang DATE: 1/22/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the City of Papillion assessment of lost revenue from LB 117.

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Beatrice

Prepared by: ⁽³⁾ Hannah Bell Date Prepared: ⁽⁴⁾ 1/16/2025 Phone: ⁽⁵⁾ 402-228-5200

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|------------------|---------------------|------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | <u>(156,586)</u> | _____ | <u>(158,152)</u> |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | <u>(63,183)</u> | _____ | <u>(63,816)</u> |
| TOTAL FUNDS | <u>_____</u> | <u>(219,770)</u> | <u>_____</u> | <u>(221,967)</u> |

Explanation of Estimate:

The City of Beatrice estimates an annual loss in revenue of approximately \$219,700 if LB117 were to pass. Estimates were calculated using fiscal year 2024 actual residential sales of electric and sewer and an estimate of residential sales of natural gas. An inflation factor of 1% was added to the 2025-26 and the 2026-27 estimate to account for any possible future rate increases.

Had LB117 been in effect in 2024, the City would have had a loss in revenue of \$155,000 in the general fund. Based on the City of Beatrice's current valuation, the City would need to raise the levy nearly 2 cents to cover the \$155,000 loss in revenue, a 4.7% increase.

Other Funds include the Street Fund and the Debt Service Fund. For 2024, the estimated loss to the Street Fund would be \$8,100. The Debt Service Fund receives sales tax revenue for a voter approved special sales tax rate of 0.5% to pay for the bonds associated with the construction of our new fire station. For 2024, LB117 would have created a loss in revenue of \$54,400 in this fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26 EXPENDITURES</u> | <u>2026-27 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>25-26</u> | <u>26-27</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Gibbon

Prepared by: ⁽³⁾ Susan Tonniges Date Prepared: ⁽⁴⁾ 1/15/25 Phone: ⁽⁵⁾ 308-468-6118

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | | -15,138.36 | | -15,592.51 |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| | Debt Service | | Debt Service | |
| OTHER FUNDS | Fund | -7,569.18 | Fund | -7,796.25 |
| TOTAL FUNDS | | -22,707.54 | | -23,388.76 |

Explanation of Estimate:

The changes proposed in LB 117 would result in a loss of sales tax to the City of Gibbon of the above amounts. The City of Gibbon would have to raise their levy by \$.0364 to make up for this loss in the next budget year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26 EXPENDITURES</u> | <u>2026-27 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>25-26</u> | <u>26-27</u> | | |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Omaha

Prepared by: ⁽³⁾ Jeff Roh Date Prepared: ⁽⁴⁾ 1-27-2025 Phone: ⁽⁵⁾ 402-444-5451

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|---------------|---------------------|---------------------|---------------------|---------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | <u>(10,850,000)</u> | _____ | <u>(11,400,000)</u> |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

The City of Omaha estimates a loss in revenue of \$10,850,000 and \$11,400,000. This assumes a 3% inflation rate. This estimate is based on sewer billing and estimates used on prior bills related to sales tax exemption of utilities.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Papillion

Prepared by: ⁽³⁾ Nancy Hypse Date Prepared: ⁽⁴⁾ 01/21/2025 Phone: ⁽⁵⁾ 402-597-2039

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|------------------|---------------------|------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | <u>(272,350)</u> | _____ | <u>(280,520)</u> |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | <u>(90,783)</u> | _____ | <u>(93,507)</u> |
| TOTAL FUNDS | <u>_____</u> | <u>(363,133)</u> | <u>_____</u> | <u>(374,027)</u> |

Explanation of Estimate:

If LB117 passes, the City of Papillion loses residential utility sales tax revenues. Projections of lost residential utility sales tax revenues are based on known residential sewer sales in 2023-24 and projections of lost residential utility sales tax revenues for natural gas and electricity based on the 94% based on amount billed to residential customers. The total estimated sales tax loss if the policy had been in place in 2023-24 would have been \$342,287. Since the State started withholding all of City of Papillion’s sales tax in December 2024 under State incentive programs, I have not calculated a percentage loss. The passage of this bill will extend the length of time for which the City will be having sales tax withheld from us.

The estimates for 2025-26 and 2026-27 assume 3% annual inflation.

The “Other Funds” lost sales taxes revenues are designated sales taxes that the voters of Papillion approved for the purpose of recreational and park improvements for which the City has outstanding bonds to be paid.

It would take an increase of over 1 cent to the property tax levy to make up the revenue loss from exempting residential utility customers from city sales taxes as required by LB 117.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26 EXPENDITURES</u> | <u>2026-27 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>25-26</u> | <u>26-27</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name:
(2)

CITY OF SOUTH SIOUX CITY

Prepared by:

Date Prepared:

Phone:

(3) NANCI WALSH & JOSIAH BONESCHANS (4)

1/14/2025

(5) 402-494-7500

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | FY 2025-26 | | FY 2026-27 | |
|--------------------|---------------------|-------------------|---------------------|-------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | | - \$96,460 | | - \$99,354 |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | <u></u> | <u>- \$96,460</u> | <u></u> | <u>- \$99,354</u> |

Explanation of Estimate:

The City collects 1.5% local option sales tax for residential sewer and electric utility service. Residential garbage and water is exempt from sales tax currently. The estimated total taxable residential sewer and electric utility service sales in calendar year 2024 (unaudited) totaled \$6,499,574. The City collects 1.5% local option sales tax on the sales which total an estimated \$94,569 (97% after Dept of Rev) for 2024. The State of Nebraska's estimated sales tax portion would total \$357,477 (5.5% state tax) & \$2,925 (3% state fee on sales tax remitted to city). Both the local city 's and state's sales tax revenue would be eliminated. This does NOT include loss of sales tax provided from the gas utility service provided to residents or others, for the city or state. This utility is provided by Northern Natural Gas. This likely would cause either expense and service cuts or an increase in other revenues, such as a property tax increase.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2025-26 <u>EXPENDITURES</u> | 2026-27 <u>EXPENDITURES</u> |
|---------------------------|---------------------|--------------|--------------------------------|--------------------------------|
| | <u>25-26</u> | <u>26-27</u> | | |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of York

Prepared by: ⁽³⁾ Dr. Sue Crawford Date Prepared: ⁽⁴⁾ 01/16/2025 Phone: ⁽⁵⁾ 402-363-2600

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | <u>(222,736.88)</u> | _____ | <u>(229,418.99)</u> |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | <u>(74,245.63).</u> | _____ | <u>(76,473.00)</u> |
| TOTAL FUNDS | <u>_____</u> | <u>(296,982.51)</u> | <u>_____</u> | <u>(305,891.99)</u> |

Explanation of Estimate:

If LB117 passes, the city of York loses residential utility sales tax revenues. Projections of lost residential utility sales tax revenues are based on known residential sewer sales in 2023-24 and projections of lost residential utility sales tax revenues for natural gas and electricity based on the 61.52% loss in water sales tax revenues after residential water sales were exempted in 2021 and the total levels of electricity and natural gas sales in 2023-24. The total estimated sales tax loss if the policy had been in place in 2023-24 would have been 279,934.50. The estimated loss in sales tax revenues for 2023-24 would have equated to 2.8% of the expected incoming general fund revenue for the 2023-24 city budget.

The estimates for 2025-26 and 2026-27 assume 3% annual inflation.

The "Other Funds" lost sales taxes revenues are designated sales taxes that the voters of York approved to pay off recreational and infrastructure bonds.

It would take an increase of over 4 cents to the property tax levy to make up the revenue loss from exempting residential utility customers from city sales taxes as required by LB 117.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26 EXPENDITURES</u> | <u>2026-27 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>25-26</u> | <u>26-27</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 1/27/25 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|----------------------|---------------------|----------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | (\$2,233,000) | _____ | (\$5,439,000) |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | (\$394,000) | _____ | (\$959,000) |
| TOTAL FUNDS | ===== | (\$2,627,000) | ===== | (\$6,398,000) |

Explanation of Estimate:

LB117 would provide a sales tax exemption on sales and purchases of utilities including electricity, natural gas, propane, and sewer for residential use. Residential use includes, but is not limited to, (a) use at a primary residence that is an apartment where the cost of such utilities is paid as a separate line-item charge from rent and (b) use at a commercial property where the primary use of the property is as one or more primary residences. The operative date is January 1, 2026.

| Revenue to Build Nebraska Act Funds | | | | |
|---|---------------|---------------|---------------|---------------|
| | FY2025-26 | FY2026-27 | FY2027-28 | FY2028-29 |
| Highway Trust Fund | (\$2,233,000) | (\$5,439,000) | (\$5,603,000) | (\$5,771,000) |
| Highway Allocation Fund (cities and counties) | (\$394,000) | (\$959,000) | (\$988,000) | (\$1,018,000) |

This estimate of decreased tax revenue is from the Nebraska Department of Revenue. The reduction in the 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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Grand Island

Prepared by: ⁽³⁾ Patrick Brown Date Prepared: ⁽⁴⁾ 01/14/2025 Phone: ⁽⁵⁾ 308-389-0104

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | -\$1,749,854 | _____ | -\$1,784,852 |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>-\$1,749,854</u> | <u>_____</u> | <u>-\$1,784,852</u> |

Explanation of Estimate:

City collects 2% local option sales tax for commercial water, electricity, and sewer. The average local sales tax collected for the last three fiscal years is \$1,055,719. The number above is 97% (less 3% administration fee for Department of Revenue) of the local sales tax collected and includes 62.5% estimate for local sales tax from Natural Gas sales. To cover the local sales tax loss, the City would need to increase its property tax ask by 8.6% or cut \$1.7m in services to citizens.

Potential loss to State of Nebraska sales tax revenue from Grand Island utility exemption would be on average \$3,318,720 annually.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Norfolk

Prepared by: ⁽³⁾ Randy Gates Date Prepared: ⁽⁴⁾ 1/16/25 Phone: ⁽⁵⁾ (402)844-2011

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|--------------------|---------------------|--------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | (\$486,395) | _____ | (\$486,395) |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>(\$486,395)</u> | <u>_____</u> | <u>(\$486,395)</u> |

Explanation of Estimate:

LB 117 exempts residential charges for sewer, natural gas, and electricity from sales tax. At the November general election, Norfolk voters approved increasing the City’s sales tax for the next 4 years from 1.5% to 2%. The 2% rate will be in effect for both the 25-26 and 26-27 fiscal years.

The city’s 1.5% sales tax on residential **sewer** service was \$40,143 in 2024. At the 2% rate that will be in effect for the next two fiscal years, this would have been **\$53,524**.

NPPD 2023 residential **electric** revenue in Norfolk city limits was \$15,966,359 and 2% city sales tax would have been **\$319,327**. NPPD did not yet have 2024 numbers compiled, but their rates have been stable.

Black Hills Energy’s 2024 residential **natural gas** revenue in Norfolk city limits was \$5,677,200 and the 2% city sales tax would have been **\$113,544**.

Norfolk’s **combined city sales tax loss** for sewer, electricity, and natural gas is estimated at **\$486,395** annually.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26 EXPENDITURES</u> | <u>2026-27 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>25-26</u> | <u>26-27</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of North Platte

Prepared by: ⁽³⁾ M. Layne Groseth Date Prepared: ⁽⁴⁾ 01/15/2025 Phone: ⁽⁵⁾ 308-535-6720

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | \$413,526 | _____ | \$424,154 |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

North Platte collects 2% local option sales tax for residential electricity and sewer. The estimated local sales tax collected for residential electricity and residential sewer based on residential rates in the current year is \$306,826. The number above is 97% (less 3% administration fee for Department of Revenue) of the estimated local sales tax collected for residential electricity and residential sewer. The city estimates based on Natural gas gross receipts and a 70% usage for residential that the sales tax generated by residential natural gas is \$106,700 after the 3% administrative fee from the Department of Revenue. The total effect of LB117 to the City revenue stream would be a net DECREASE of \$413,526 in the first year. To cover the local sales tax loss, the City would need to increase its property tax ask by 8.53% or cut \$413,000 in services to citizens.

Potential loss to State of Nebraska sales tax revenue from North Platte due to the residential gas, sewer and electricity utility exemption would be on average \$1,137,196 annually.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Scribner

Prepared by: ⁽³⁾ Elmer Armstrong Date Prepared: ⁽⁴⁾ 1/15/2025 Phone: ⁽⁵⁾ (402)664-3231

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|-------------------|---------------------|-------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | <u>-17,667.52</u> | _____ | <u>-17,667.52</u> |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>-17,667.52</u> | <u>_____</u> | <u>-17,667.52</u> |

Explanation of Estimate:

City collects 1.5% local option sales tax for residential electricity, natural gas, and sewer. The loss of residential sales of these three utilities would be a loss of \$17,667.52 annually. These funds are used for economic development and infrastructure improvements for Scribner. Scribner's Total Base Property Tax Request is \$247,057.55. To cover the local sales tax loss, the City would need to increase its property tax ask by 13.984%.

Estimate based on no growth on both Fiscal Years.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 117

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Wahoo

Prepared by: ⁽³⁾ Melissa Harrell, City Administrator/Treasurer Date Prepared: ⁽⁴⁾ 1/15/2025 Phone: ⁽⁵⁾ 402-443-3222, Ext. 14

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|-------------------|---------------------|-------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | <u>(\$82,463)</u> | _____ | <u>(\$84,112)</u> |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>(\$82,463)</u> | <u>_____</u> | <u>(\$84,112)</u> |

Explanation of Estimate:

The City of Wahoo owns our own electric, water, natural gas and sewer systems. These numbers were developed using 2024 data with our planned rate increases for 2025 and 2026 applied. Wahoo utilizes residential, commercial, industrial, and wholesale rate classifications, so these numbers are accurate. This calculation includes residential only for electric, sanitary sewer and natural gas. The recent exemption of residential water is not reflected in these numbers. That information can be provided on request.

To cover this loss of revenue, using the latest certified valuation with a 3% increase applied, the City would need to increase property taxes by 1.8 cents per \$100 of valuation.

| | | | |
|--|--|---|--------------|
| | <u>\$82,463.00</u> | = | <u>0.018</u> |
| | <u>(\$446,479,459 X 1.03) / 100</u> | | |
| | <u>(2024 certified value with 3% increase)</u> | | |

This equals a 4% increase in property taxes to make up the lost revenue.

For FY 2025-26, the State sales tax lost revenue (5.5%) equates to \$226,772, and \$231,308 in FY 2026-27

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |