

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	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2027-2028	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2028-2029	SEE BELOW	SEE BELOW	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2027-2028	SEE BELOW	SEE BELOW	0	0	SEE BELOW
FY2028-2029	SEE BELOW	SEE BELOW	0	0	SEE BELOW

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

LB 1257 changes the requirements of the tax expenditure report under section 77-382.

The bill amends provisions to provide that gross receipts include the gross income received for providing a service. Services shall be presumed taxable unless a specific exemption applies.

The bill eliminates numerous sales and use tax exemptions effective January 1, 2027. Exemptions eliminated in the bill are listed in the response from the Department of Revenue (DOR).

The bill provides that for transactions occurring on or after January 1, 2027, to credit to the New School Relief Fund an amount equal to the increase in sales and use tax revenue received as a result of the changes made by the bill. The amount to be credited shall be determined annually by the Tax Commissioner on or before July 1.

The bill amends section 77-27,235 to remove the provisions that the renewable energy tax credit may not be claimed by a producer who received a sales tax exemption under section 77-2704.57 for the new renewable electric generation facility.

The bill changes maximum property tax levies under section 77-3442 for school districts and multiple-district school systems to the following:

- For fiscal years prior to FY28: \$1.05
- For FY28: \$0.85
- For FY29 and each fiscal year thereafter: \$0.60

The bill amends section 77-4602 to provide that beginning FY28 and every fiscal year thereafter, the transfer currently in statute going to the School District Property Tax Relief Credit Fund based on General Fund actual receipts and the certification amount now goes to the New School Relief Fund.

The bill sunsets the School District Property Tax Relief Act after tax year 2026.

The bill amends section 79-1006 to provide that for school fiscal years prior to school fiscal year 2027-28, the foundation aid to be paid to each school district in each school fiscal year shall equal \$1,500 multiplied by the number of formula students for such school district.

For school fiscal year 2027-28 and each school fiscal year thereafter, the foundation aid to be paid to each school district in each school fiscal year shall equal the number of formula students for such school district multiplied by the sum of:

- \$1,500; and
- For school fiscal year 2027-28 and each school fiscal year thereafter, the Nebraska Department of Education shall determine an amount of additional foundation aid to be paid per formula student out of funds available in the New School Relief Fund. Such amount shall be equal to the total amount available in the new School Relief Fund divided by the total number of formula students in all school districts across the state.

24% of the total amount of foundation aid paid each school fiscal year, excluding any foundation aid paid from the New School Relief Fund, shall be paid from money appropriated from the Education Future Fund.

The bill amends section 79-3405 to provide a school district may exceed its property tax request authority without the approval of the voters by an amount equal to 6% of the school district's prior year property tax request authority. Such increase shall be used to pay for teacher salaries, wages, and benefits.

The bill creates the New School Relief Fund. The fund shall be administered by the State Department of Education and shall consist of money transferred of the amount equal to the increase in sales and use tax revenue received as a result of this bill and the \$838 million transferred from the General Fund on or before September 1, 2027, and on or before September 1 of each year thereafter. Any money in the 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 to provide additional foundation aid to school districts pursuant to subsection (3) of section 79-1006.

Beginning in FY28, if the state fails to use all funds available in the New School Relief Fund for the additional foundation aid described in subsection (3) of section 79-1006 for any fiscal year, each school district may, if approved by a majority vote of the school board for the school district, levy an amount for such fiscal year sufficient to generate revenue equal to the amount of foundation aid that should have been provided to such school district, not to exceed \$0.03. This \$0.03 property tax levy is in addition to the maximum allowable property tax levy described in subdivision (2)(a) of section 77-3442.

The bill is operative January 1, 2027.

The DOR estimates the following revenue increases as a result of ending sales tax exemptions:

Fiscal Year	General Fund	New School Relief Fund	Highway Trust Fund	Highway Allocation Fund
FY27	(\$58,575,000)	\$1,288,657,000	\$49,789,000	\$8,786,000
FY28	(\$143,834,000)	\$3,164,359,000	\$122,259,000	\$21,575,000
FY29	(\$147,368,000)	\$3,242,096,000	\$125,263,000	\$22,105,000

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

The DOR also estimates the following increases to revenue as a result of adding sales tax on services:

Fiscal Year	General Fund	New School Relief Fund	Highway Trust Fund	Highway Allocation Fund
FY27	(\$54,395,000)	\$1,196,680,000	\$46,235,000	\$8,159,000
FY28	(\$133,934,000)	\$2,946,551,000	\$113,844,000	\$20,090,000
FY29	(\$140,700,000)	\$3,095,399,000	\$119,595,000	\$21,105,000

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

The DOR notes that the reduction to General Fund revenues in the two above tables occurs because section 77-27,132 provides that 0.25% of sales tax revenue for transactions other than those listed in subdivisions (2)(a), (b), and (e) is credited to the Highway Trust Fund and Highway Allocation Fund. However, the bill directs that all sales tax increases resulting from the bill be credited to the New School Relief Fund. As a result, the General Fund would see a reduction equal to 0.25% of the sales tax increases attributable to the bill.

The DOR also estimates the following revenue impact as a result of sunseting the School District Property Tax Relief Act at the end of tax year 2026:

Fiscal Year	School District Property Tax Relief Credit Fund	General Fund
FY28	(\$838,000,000)	\$838,000,000
FY29	(\$870,000,000)	\$870,000,000

We also estimate a revenue increase to the New School Relief Fund and revenue loss to the General Fund each fiscal year of \$838 million starting FY28 due to the \$838 million transfer each fiscal year from the General Fund to the New School Relief Fund under the bill.

Fiscal Year	General Fund	New School Relief Fund
FY28	(\$838,000,000)	\$838,000,000
FY29	(\$870,000,000)	\$870,000,000

The DOR estimates the need for 5.0 FTE Fiscal Compliance Analysts, 0.5 FTE Revenue Agent, and 1.0 FTE Revenue Operations Clerk II to implement the bill. There is no basis to disagree with this estimate.

The Department of Health and Human Services (DHHS) estimates an indeterminable fiscal impact across multiple areas of DHHS and state the impacts may be significant. DHHS notes that the elimination of sales tax emptions may result in increased costs for reimbursement-based payments as providers may request the added sales tax cost to be passed through to the State. Providers may also request an increase in payments for rate-based services to cover their increased business cost.

The provisions of the bill are also estimated to impact expenditures connected to TEEOSA.

Lowering the Local Effort Rate (LER) to \$0.80 in FY2027-28 increases the needed General Funds from \$1,036,279,277 to \$1,386,576,280; an increase of \$350,297,003.

Lowering the Local Effort Rate (LER) to \$0.55 in FY2028-29 increases the needed General Funds from \$1,047,934,107 to \$2,079,202,454; an increase of \$1,031,268,347.

The annual \$838,000,000 from the New School Relief Fund plus the increase in sales and use tax revenue received into the Fund and expended out of the Fund for additional foundation aid to schools as a result of this bill looks to be outside of the TEEOSA calculation.

The provisions in the bill provide a school district may exceed its property tax request authority without the approval of the voters by an amount equal to 6% of the school district's prior year property tax request authority. Property taxes are the primary funding source for the local resources component of the TEEOSA calculation. This Act alters a district's ability to tax to fund the district which could affect the amount of aid received. The potential impact would vary by school district.

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

LB: **1257** AM: AGENCY/POLT. SUB: **Department of Revenue**

REVIEWED BY: Kimberly Burns DATE: 02/09/2026 PHONE: (402) 471-4171

COMMENTS: The Department of Revenue's assessment of fiscal impact from LB 1257 appears reasonable based on the assumptions provided and the provisions in the bill.

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

LB: **1257** AM: AGENCY/POLT. SUB: **Nebraska Department of Transportation (NDOT)**

REVIEWED BY: Kimberly Burns DATE: 02/09/2026 PHONE: (402) 471-4171

COMMENTS: Concur with the Nebraska Department of Transportation's assessment of fiscal impact from LB 1257.

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

LB: **1257** AM: AGENCY/POLT. SUB: **Department of Economic Development**

REVIEWED BY: Kimberly Burns DATE: 02/09/2026 PHONE: (402) 471-4171

COMMENTS: Concur with the Department of Economic Development's estimate of no fiscal impact from LB 1257.

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

2026

LB⁽¹⁾ 1257

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Economic Development

Prepared by: ⁽³⁾ Kob Kitcharoen Date Prepared: ⁽⁴⁾ 01/26/25 Phone: ⁽⁵⁾ (402) 471-3741

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1257 makes various amendments to the Nebraska Revenue Act which support the bill's school finance provisions. This bill terminates the School District Property Tax Relief Act, replacing it with state-funded foundation aid under the New School Relief Fund. Sec. 67, 71. This new Fund would receive \$838 million per year, funded by new service tax revenue. Sec. 71.

To support these appropriations, the bill expands the sales tax base by taxing all services unless specifically exempted and eliminating several sales tax exemptions on January 1, 2027. Sec. 5, 12-25, 27-30, 32-36, 39-57, 59-60. Further, this lowers school district levy limits from \$1.05 to \$0.60 by FY28-29. Sec. 63.

As related to the Nebraska Department of Economic Development, the bill makes the following changes to the Good Life District Act:

Section 64 (77-4403(8)(c)(i)): Strikes language removing political subdivisions from the definition of new businesses under the Act to the extent the political subdivision is not subject to sales and use taxes for the purposes of the Nebraska Revenue Act or are not subject to income or franchise tax under sections 77-3801 to 77-3807.

Section 65 (77-4405(12)): Strikes language reinstating a sales tax exemption under section 77-2704.15 for "building material purchases for new businesses that will or is intended to offer taxable sales in the good life district."

Based on the current language, DED does not anticipate any changes to current resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____

Capital improvements.....

TOTAL.....

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 2-10-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

Explanation of Estimate:

LB1257 removes sales and use tax exemption for a variety of entities including nonprofit organizations, mental health substance use treatment centers, nonprofit community based mental health or substance use service providers, intermediate care facilities, home health agencies, respite care service agencies, centers for independent living, nonprofit hospital, nonprofit health clinics, skilled nursing facilities, assisted living facilities, hospice service, residential child caring agency, nonprofit licensed child placing agency, and any nonprofit organization certified or contracted with the regional behavioral health authority or division of behavioral health of DHHS to provide community based mental health or substance use services.

LB1257 will have indeterminable fiscal impacts across multiple areas within DHHS, though the impacts may be significant. The elimination of sales tax exemptions may result in increased costs for reimbursement-based payments as providers may request the added sales tax cost is passed through to the State. Providers may also request an increase in payments for rate-based services to cover their increased business cost.

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.....				
TOTAL.....			\$0	\$0

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: James R. Kamm		Date Prepared: 02/06/2026				
		Phone: 471-5896				
	FY 2026-2027		FY 2027-2028		FY 2028-2029	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$454,900	(\$112,970,000)	\$432,500	\$560,232,000	\$445,400	\$581,932,000
Cash Funds		\$2,581,361,000		\$5,509,013,000		\$5,712,353,000
Federal Funds						
Other Funds		\$16,945,000		\$41,665,000		\$43,210,000
Total Funds	\$454,900	\$2,485,336,000	\$432,500	\$6,110,910,000	\$445,400	\$6,337,495,000

LB 1257 eliminates most of the sales tax exemptions and uses the money to fund schools and reduce property taxes.

Section 2 of this bill changes the requirements of annual tax expenditure report of Department of Revenue (DOR), requiring all sales tax items resulting in a loss of revenue to be listed separately.

Section 5 to 11 includes services in the definition of “gross receipts”. Services will be presumed taxable unless a specific exemption applies.

Sections 12 to 25 and 27 to 56 end sales tax exemptions effective January 1, 2027. These exemptions are:

- Aviation fuel
- Minerals, oil and gas
- Motor vehicle fuels, diesel fuel and compressed fuels
- Newspapers
- Prepared food and food ingredients served by schools, churches, and hospitals; fees and admissions for political events; prepared food and food ingredients sold to the elderly, handicapped or SSI recipients; admissions charged by schools; admissions charged by 501(c)(3) organizations for statewide sports events; fees and admissions charged by 501(c)(3) organizations dedicated to youth development
- Purchases by religious nonprofits, nonprofits providing services exclusively to the blind, nonprofit private educational institutions, nonprofit hospitals or clinics receiving funds from the US Public Health Service, nonprofit child care and child placing agencies, nonprofits certified by DHHS to provide community based services for individuals with developmental disabilities or mental health or substance use services, or a nonprofit that transfers property to any of the others listed in this section
- electricity, coal, gas, fuel oil, diesel fuel, tractor fuel, propane, gasoline, coke, nuclear fuel, butane, wood as fuel, corn as fuel when used directly in irrigation or farming; energy sources or fuels when used directly

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>28-29 FTE</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>	<u>28-29 Expenditures</u>
A21211	Fiscal Compliance Analyst	5.0	5.0	5.0	\$253,600	\$261,200	\$269,000
X29222	Revenue Agent	0.5	0.5	0.5	\$22,600	\$23,300	\$24,000
S29112	Revenue Op Clerk II	1.0	1.0	1.0	\$39,500	\$40,700	\$41,900
	Benefits.....				\$104,200	\$107,300	\$110,500
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....				\$35,000		
	Capital Improvements.....						
	Total.....				\$454,900	\$432,500	\$445,400

in generation of electricity, compression of natural gas for sale as vehicle fuel or by a hospital; water for irrigation of agricultural lands and manufacturing purposes

- Coin operated machines for laundering and cleaning
- Purchases by the state, including public education institutions, counties, municipalities, other governmental bodies
- Purchases by the Nebraska State Fair Board
- Purchases by the Nebraska Investment Finance Authority
- Purchases made by licensees of the State Racing and Gaming Commission
- Manufacturing machinery and equipment
- Semen and insemination
- Sales by student associates and parent associations
- Sales of aircraft to residents of other states who do not keep the aircraft in the state for more than 10 days
- Railroad rolling stock
- Lease of property between parent/subsidiary/brother sister companies
- Use tax for replacement parts
- Agricultural machinery and equipment
- Lottery tickets
- Copyrighted material for rebroadcast with a certificate from the FCC
- Molds and dies for manufacturing
- Feed, water, veterinary material; agricultural chemicals
- Copies of public records
- Property which will become an ingredient or component part for ultimate sale at retail
- Animal life; agricultural chemicals; oxygen for use in agriculture
- Containers
- Occasional sales
- Common and contract carrier
- Telecommunication services; dark fiber
- Prepaid calling and prepaid wireless services
- Rental of videotape and film
- Purchases of fine art by any museum
- C-BED project
- Depositions, bills of exceptions, transcripts, prepared and sold by a court reporter
- Mineral oil
- Biochips
- Data centers
- Youth sports event
- Repair or replacement parts for agricultural machinery and equipment
- Purchases by a historic automobile museum
- Membership or admission to a nationally accredited zoo or aquarium
- Residential water service
- Catalysts, chemicals and materials

Section 26 eliminates sales tax exemptions on candy and soft drinks.

Sections 58 states that sales and use taxes will not be imposed on gross receipt from services listed in the Standard Industrial Classification Manual, 1987, as prepared by the Statistical Policy Division of the Office of Management and Budget, Office of the President: Health services, major group 80.

Section 60 eliminates the buyer-based exemption in 77-2706.02 for items annexed to real estate when the client is a nonprofit entity, effective January 1, 2027, though this exemption does not go into effect until July 1, 2026. Section 61 states that the increased revenue from sales and use taxes changes in this bill shall go into the New School Relief Fund. The Tax Commissioner will determine this amount annually on or before July 1. Section 62 removes the restriction that producers who receive a sales tax exemption can't receive a renewable energy tax credit. Section 63 changes property tax levies for schools. For fiscal years prior to 27-28, the levy amount is \$1.05 per \$100 of taxable valuation of property subject to the levy. For FY 27-28, the rate is \$0.85 per \$100 of taxable valuation of property subject to the levy. For FY 28-29 and after, the rate is \$0.60 per \$100 of taxable valuation of property subject to the levy.

Section 66 and 67 change the School District Property Tax Relief Credit Fund to the New School Relief Fund effective FY 27-28. Section 68 sunsets the School District Property Tax Relief Act at the end of tax year 2026.

Section 69 states that for school fiscal years prior to 27-28, the foundation aid paid to each school district in each SFY is \$1,500 times the number of formula students (current rate). For 27-28 and each year after, the foundation aid paid to each district will be the number of formula students multiplied by the sum of \$1,500 and the amount determined based on the funds available in the New School Relief Fund divided by the total number of formula students in all school districts in the state. Section 70 allows a school district to exceed its property tax request authority without approval of voter by 6% of the prior year's property tax request authority. This increase would be used to pay teacher salaries, wages and benefits. Section 71 states that the New School Relief Fund is administered by the Department of Education beginning FY 27-28, \$838 million will be transferred to the fund from the General Fund by September 1 of each year. If the state does not use all available funds for additional foundation aid a school district may vote to levy an amount sufficient to generate revenue in the amount that should have been provided, not to exceed \$0.03 per \$100.

Fiscal Impact

Table 1 and Table 2 below shows the fiscal impacts to the General Fund revenue, the New School Relief fund, the Highway Trust Fund, and the Highway Allocation Fund due to the increase in elimination of sales tax on goods purchases and taxing of services.

Table 1 – Repeal of sales tax exemption.

Fiscal year	General Fund revenues	New School Relief Fund	Highway Trust Fund	Highway Allocation Fund
FY 26-27	\$ (58,575,000)	\$ 1,288,657,000	\$ 49,789,000	\$ 8,786,000
FY 27-28	\$ (143,834,000)	\$ 3,164,359,000	\$ 122,259,000	\$ 21,575,000
FY 28-29	\$ (147,368,000)	\$ 3,242,096,000	\$ 125,263,000	\$ 22,105,000

Table 2 – Sales tax on services

Fiscal year	General Fund revenues	New School Relief Fund	Highway Trust Fund	Highway Allocation Fund
FY 26-27	\$ (54,395,000)	\$ 1,196,680,000	\$ 46,235,000	\$ 8,159,000
FY 27-28	\$ (133,934,000)	\$ 2,946,551,000	\$ 113,844,000	\$ 20,090,000
FY 28-29	\$ (140,700,000)	\$ 3,095,399,000	\$ 119,595,000	\$ 21,105,000

The reduction to the General Fund revenues listed in Table 1 and Table 2 occurs because Neb. Rev. Stats. § 77-27,132 provides that one-quarter of one percent of sales tax revenue for transactions - other than those listed in subdivisions (2)(a), (b), and (e) - is credited to the highway Trust Fund and the Highway Allocation Fund. However, LB 1257 Sec. 63 directs that all sales tax increases resulting from the Act be credited to the New School Relief Fund. As a result, the General Fund will see a reduction equal to one-quarter of one percent of the sales tax increase attributable to LB 1257.

Table 3 below reflects the fiscal impact of Section 68 – which is to sunset the School District Property Tax Relief Act at the end of tax year 2026.

Table 3 – Sunset the School District Property Tax Relief Act

Fiscal Year	School District Property Tax Relief Credit Fund	General Fund revenues
FY26-27	\$ -	\$ -
FY27-28	\$ (838,000,000)	\$ 838,000,000
FY28-29	\$ (870,000,000)	\$ 870,000,000

The Department of Revenue will need 5 FTE Fiscal Compliance Analyst, 0.5 FTE Revenue Agent and 1 FTE Revenue Op Clerk II to implement this bill.

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

2026

LB⁽¹⁾ 1257

FISCAL NOTE

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

Prepared by: ⁽³⁾ Lily Kathee Date Prepared: ⁽⁴⁾ 2/5/2026 Phone: ⁽⁵⁾ 402-479-4635

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	\$96,024,000	_____	\$236,103,000
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	\$16,945,000	_____	\$41,665,000
TOTAL FUNDS	=====	\$112,969,000	=====	\$277,768,000

Explanation of Estimate:

LB1257 proposes significant changes to the state's revenue and taxation laws, primarily by expanding the sales and use tax base. The bill eliminates numerous existing sales tax exemptions and imposes sales and use taxes on a wide array of services. The legislation also introduces changes to school district funding, including modifying levy limitations, eliminating the existing School District Property Tax Relief Act, and providing additional foundation aid under the Tax Equity and Educational Opportunities Support Act.

Revenue Impacts to the Build Nebraska Act Funds			
	FY2026-27	FY2027-28	FY2028-29
Highway Trust Fund (NDOT)	\$96,024,000	\$236,103,000	\$244,858,000
Highway Allocation Fund (cities and counties)	\$16,945,000	\$41,665,000	\$43,210,000
Total	\$112,969,000	\$277,768,000	\$268,068,000

This estimate of increased tax revenue is from the Nebraska Department of Revenue. The increase in revenue in Build Nebraska Act Funds will result in more funding available for NDOT highway construction projects, such as for expansion of the expressway system, and to 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>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____