

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2026 Legislative Session

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	0	0	0	0	0
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	26,232,000	929,000	0	0	27,161,000
FY2027-2028	40,216,000	1,628,000	0	0	41,844,000
FY2028-2029	40,818,000	1,652,000	0	0	42,470,000

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

LB 170 removes the candy and soft drinks exemption from sales and use tax.

The DOR estimates the following increase to revenues as a result of the bill assuming an effective date for the bill of October 1, 2026:

Fiscal Year	General Fund	Highway Trust Fund	Highway Allocation Fund	Locals (Assume 1.5%)
FY27	\$26,232,000	\$929,000	\$164,000	\$6,558,000
FY28	\$40,216,000	\$1,628,000	\$287,000	\$11,490,000
FY29	\$40,818,000	\$1,652,000	\$292,000	\$11,662,000

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 increases in tax revenue to local governments based upon a 1.5% sales and use tax rate.

The estimates from the Department of Transportation are from the DOR.

The DOR estimates minimal costs to it to implement the bill.

There is no basis to disagree with these estimates.

LB<sup>(1)</sup> 170

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation

Prepared by: <sup>(3)</sup> Jenessa Boynton

Date Prepared: <sup>(4)</sup> 12/3/2025

Phone: <sup>(5)</sup> 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	\$929,000	See below	\$1,628,000
FEDERAL FUNDS				
OTHER FUNDS		\$164,000		\$287,000
TOTAL FUNDS	See below	\$1,093,000	See below	\$1,915,000

Explanation of Estimate:  
LB170 is a carryover bill and would eliminate the sales tax exemptions for candy and soft drinks as defined within the bill. This fiscal note assumes the bill operative date is October 1, 2026; one year from the original operative date of October 1, 2025.

Revenue to Build Nebraska Act Funds			
	FY2026-27	FY2027-28	FY2028-29
Highway Trust Fund (NDOT)	\$929,000	\$1,628,000	\$1,652,000
Highway Allocation Fund (cities and counties)	\$164,000	\$287,000	\$292,000
Total	\$1,093,000	\$1,915,000	\$1,944,000

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:				
POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

## State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared: 12/02//2025		Phone: 471-5896		
	<b><u>FY 2026-2027</u></b>		<b><u>FY 2027-2028</u></b>		<b><u>FY 2028-2029</u></b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$26,232,000		\$40,216,000		\$40,818,000
Cash Funds		\$929,000		\$1,628,000		\$1,652,000
Federal Funds						
Other Funds		\$164,000		\$287,000		\$292,000
Total Funds		\$27,325,000		\$42,131,000		\$42,762,000

LB 170 imposes sales and uses taxes on the sale of candy and soft drinks by excluding these items from the definition of nontaxable food and food ingredients as defined in Neb. Rev. Stat. § 77-2704.24. The bill defines candy as a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Candy does not include any preparation containing flour and requires no refrigeration. Soft drinks are nonalcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages containing milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume. The proposed definitions are consistent with the Streamlined Sales and Use Tax Agreement (SSUTA).

It is estimated that LB 170 will have the following impact:

Fiscal Year	GF Revenues	Highway Trust Fund	Highway Allocation Fund (Cities and Counties)	Locals (assume 1.5%)
FY26-27	\$ 26,232,000	\$ 929,000	\$ 164,000	\$ 6,558,000
FY27-28	\$ 40,216,000	\$ 1,628,000	\$ 287,000	\$ 11,490,000
FY28-29	\$ 40,818,000	\$ 1,652,000	\$ 292,000	\$ 11,662,000

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

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

### 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>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>							

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 170	AM:	AGENCY/POLT. SUB: Department of Revenue
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REVIEWED BY: Ryan Yang	DATE: 12/16/2025	PHONE: (402) 471-4178
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COMMENTS: Concur with the Department of Revenue assessment of fiscal impact from LB 170.
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ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
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LB: 170	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation
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REVIEWED BY: Ryan Yang	DATE: 12/16/2025	PHONE: (402) 471-4178
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COMMENTS: Concur with the Nebraska Department of Transportation assessment of fiscal impact from LB 170.
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