

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$59,900	\$8,997,000	\$56,800	\$13,923,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$59,900</b>	<b>\$8,997,000</b>	<b>\$56,800</b>	<b>\$13,923,000</b>

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

LB 526 provides that public power districts may require direct payment or a letter of credit from cryptocurrency mining operations for the cost of significant infrastructure upgrades necessitated by such operations and may impose terms and conditions on such cryptocurrency mining operations. Such prepayment or financial assurances or terms and conditions may be required or imposed for any facility that used energy for cryptocurrency mining. Direct payments, letters of credit, and terms and conditions required or imposed shall be fair, reasonable, and not unduly discriminatory. Before any direct payment, letter of credit, or terms and conditions are required or imposed, the public power district shall conduct an independent grid impact study to determine the cost of significant infrastructure upgrades necessitated by the cryptocurrency mining operation and the direct payment, letter of credit, or terms and conditions required or imposed.

The bill levies and imposes an excise tax of 2.5 cents per kilowatt hour on the energy used by cryptocurrency mining operations to conduct cryptocurrency mining in excess of 1,000 kilowatt hours in a calendar year.

The tax shall:

- Not apply to data processing centers, cloud computing, or any other industrial or commercial entities not engaged in cryptocurrency mining;
- Be paid by the cryptocurrency mining operation and enforced by the Department of Revenue (DOR); and
- Be fair, reasonable, and not unduly discriminatory.

The excise tax shall be due and payable to the DOR monthly on or before the 20<sup>th</sup> day of the month next succeeding each monthly period. All these excise taxes collected by the DOR shall be credited to the General Fund.

The bill becomes operative on October 1, 2025.

The DOR estimates the following increase to General Fund revenues as a result of this bill:

- FY26: \$8,997,000
- FY27: \$13,923,000
- FY28: \$14,365,000
- FY29: \$14,821,000

The DOR also estimates the need to hire 0.5 FTE IT Applications Developer-Senior as a result of the bill.

There is no basis to disagree with these estimates by the DOR.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 526	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang	DATE: 2/10/2025	PHONE: (402) 471-4178	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 526 appears reasonable.			

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

LB: 526      AM:      AGENCY/POLT. SUB: Metropolitan Utilities District of Omaha

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

COMMENTS: No basis to disagree with the Metropolitan Utilities District of Omaha assessment of no fiscal impact from LB 526.

**State Agency Estimate**

State Agency Name: Department of Revenue				Date Due LFO:				
Approved by: James R. Kamm				Date Prepared: 02/10/2025		Phone: 471-5896		
	<u><b>FY 2025-2026</b></u>			<u><b>FY 2026-2027</b></u>			<u><b>FY 2027-2028</b></u>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$59,900	\$ 8,997,000		\$56,800	\$ 13,923,000		\$56,800	\$ 14,365,000
Cash Funds								
Federal Funds								
Other Funds								
<b>Total Funds</b>	<b>\$59,900</b>	<b>\$ 8,997,000</b>		<b>\$56,800</b>	<b>\$ 13,923,000</b>		<b>\$56,800</b>	<b>\$ 14,365,000</b>

LB 526 levies and imposes an excise tax of two and one-half cents (\$0.025) per kilowatt hour on the energy used by cryptocurrency mining operations to conduct cryptocurrency mining in excess of 1,000 kilowatt hours in a calendar year, beginning October 1<sup>st</sup> 2025. The tax is due and payable to the Department of Revenue (DOR) monthly on or before the 20<sup>th</sup> day of the month.

Cryptocurrency mining is defined as a process to generate new cryptocurrency and verify blockchain transactions. Cryptocurrency mining operations means any entity that conducts cryptocurrency mining.

This tax does not apply to data processing centers, cloud computing, or any other industrial or commercial entities not engaged in cryptocurrency mining. The tax must be paid by the cryptocurrency mining operation; fair, reasonable, and not unduly discriminatory; and enforced by DOR. All taxes collected by DOR will be remitted to the State Treasurer for credit to the General Fund.

DOR may adopt and promulgate rules and regulations.

The estimated fiscal impact for LB 526 on the General Fund revenues are as follows:

FY25-26	\$ 8,997,000
FY26-27	\$ 13,923,000
FY27-28	\$ 14,365,000
FY28-29	\$ 14,821,000

DOR will need to hire 0.5 FTE IT Application Developer – Senior Level to add a new tax program into the General Processing System and integrate with Business Automated Collection System.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
A07012	Information Technology Applications Developer/Senior	0.5	0.5	0.5	\$41,300	\$42,700	\$42,700
Benefits.....					\$13,600	\$14,100	\$14,100
Operating Costs.....							
Travel.....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
<b>Total.....</b>					<b>\$59,900</b>	<b>\$56,800</b>	<b>\$56,800</b>

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**2025**

**LB<sup>(1)</sup> 526**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Metropolitan Utilities District of Omaha

Prepared by: <sup>(3)</sup> Mark Myers Date Prepared: <sup>(4)</sup> 01-24-2025 Phone: <sup>(5)</sup> 402-504-7174

**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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$0</u>	_____	<u>\$0</u>	_____

**Explanation of Estimate:**

Since the Metropolitan Utilities District of Omaha is not a public power district, LB526 is not expected to have a financial impact to the District.

**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>\$0</u>	<u>\$0</u>