

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$4,586,000)		(\$7,839,000)
CASH FUNDS		(\$162,000)		(\$317,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$4,748,000)		(\$8,156,000)

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

LB 26 seeks to create a sales and use tax exemption for residential water services. Specifically, it exempts the gross receipts received from the sale, lease, or rental of and the storage, use, or consumption of residential water services. LB 26 would become operative October 1, 2022.

The Department of Revenue estimates the following revenue impact to the General Fund, the State Highway Capital Improvement Fund, and the Highway Allocation Fund:

	General Fund	State Highway Capital Improvement Fund (DoT)	Highway Allocation Fund
FY21-22	(\$4,586,000)	(\$162,000)	(\$29,000)
FY22-23	(\$7,839,000)	(\$317,000)	(\$56,000)
FY23-24	(\$8,574,000)	(\$347,000)	(\$61,000)
FY24-25	(\$9,175,000)	(\$371,000)	(\$66,000)

There is no basis to disagree with these estimates.

The Department of Revenue estimates no costs to implement LB 26. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 26	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 02/22/2021	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue's assessment of General Fund revenue loss related to the sales tax exemption on residential water storage, use, or other consumption.			

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

2021

LB⁽¹⁾ 26

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 2/18/2021 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	See below	See below	See below	See below.
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 26 revises the Nebraska Revenue Act of 1967 to exempt sales and use tax on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of residential water service. The operative date is October 1, 2021.

Revenue Reductions to Build Nebraska Act Funds				
	FY2021/22	FY2022/23	FY2023/24	FY2024/25
State Highway Capital Improvement Fund	(\$162,000)	(\$317,000)	(\$347,000)	(\$371,000)
Highway Allocation Fund (cities and counties)	(\$29,000)	(\$56,000)	(\$61,000)	(\$66,000)
Total	(\$191,000)	(\$373,000)	(\$408,000)	(\$437,000)

This estimate of reduced tax revenue was obtained from the Nebraska Department of Revenue. Changes in the sales tax base will divert funds from the State Highway Capital Improvement Fund under the Build Nebraska Act 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>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____