

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |             |                   |             |
|---|-------------------|-------------|-------------------|-------------|
|   | <b>FY 2022-23</b> |             | <b>FY 2023-24</b> |             |
|   | EXPENDITURES      | REVENUE     | EXPENDITURES      | REVENUE     |
| GENERAL FUNDS   |                   | (\$241,000) |                   | (\$376,000) |
| CASH FUNDS  |                   | (\$9,000)   |                   | (\$15,000)  |
| FEDERAL FUNDS   |                   |             |                   |             |
| OTHER FUNDS   |                   |             |                   |             |
| <b>TOTAL FUNDS</b>  |                   | (\$250,000) |                   | (\$391,000) |

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

LB 941 amends provisions related to the exemption of sales and use taxes. The bill defines “net wrap” as plastic wrap used in the baling of hay and provides for a sales and use tax exemption on the gross receipts from the sale, lease, or rental of net wrap used in commercial agriculture.

The operative date of the bill is October 1, 2022.

The Department of Revenue estimates the impact as follows:

|         | General Fund | State Highway Capital Improvement Fund | Highway Allocation Fund |
|---------|--------------|--|-------------------------|
| FY22-23 | (\$241,000)  | (\$9,000)                              | (\$2,000)               |
| FY23-24 | (\$376,000)  | (\$15,000)                             | (\$3,000)               |
| FY24-25 | (\$390,000)  | (\$16,000)                             | (\$3,000)               |
| FY25-26 | (\$405,000)  | (\$16,000)                             | (\$3,000)               |

There will be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund, which is distributed to cities and counties.

The department estimates minimal costs to implement the bill. There is no basis to disagree with these estimates.

| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b> |                 |   |
|--|-----------------|---|
| LB: 941  | AM:             | AGENCY/POLT. SUB: Department of Revenue |
| REVIEWED BY: Neil Sullivan   | DATE: 2/22/2022 | PHONE: (402) 471-4179                   |
| COMMENTS: The Department of Revenue assessment of fiscal impact from LB 941 appears reasonable.  |                 |   |

| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>       |                 |  |
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| LB: 941  | AM:             | AGENCY/POLT. SUB: Department of Transportation |
| REVIEWED BY: Neil Sullivan   | DATE: 2/22/2022 | PHONE: (402) 471-4179                          |
| COMMENTS: The Department of Transportation assessment of fiscal impact from LB 941 appears reasonable. |                 |  |



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

**2022**

**LB<sup>(1)</sup> 941**

**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> 2/7/2022 Phone: <sup>(5)</sup> 402-479-4691

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|                    | <u>FY 2022-23</u>   |                   | <u>FY 2023-24</u>   |                   |
|--------------------|---------------------|-------------------|---------------------|-------------------|
|                    | <u>EXPENDITURES</u> | <u>REVENUE</u>    | <u>EXPENDITURES</u> | <u>REVENUE</u>    |
| GENERAL FUNDS      | _____               | _____             | _____               | _____             |
| CASH FUNDS         | _____               | \$(9,000)         | _____               | \$(15,000)        |
| FEDERAL FUNDS      | _____               | _____             | _____               | _____             |
| OTHER FUNDS        | _____               | \$(2,000)         | _____               | \$(3,000)         |
| <b>TOTAL FUNDS</b> | <b>=====</b>        | <b>\$(11,000)</b> | <b>=====</b>        | <b>\$(18,000)</b> |

**Explanation of Estimate:**

LB 941 states sales and use tax shall not be imposed on the gross receipts from the sale, lease, or rental of net wrap purchased for the use in commercial agriculture. Net wrap is described as plastic wrap used in the baling of hay. The operative date of the bill is October 1, 2022.

| Revenue to Build Nebraska Act Funds           |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | FY2022/23         | FY2023/24         | FY2024/25         | FY2025/26         |
| State Highway Capital Improvement Fund        | (\$9,000)         | (\$15,000)        | (\$16,000)        | (\$16,000)        |
| Highway Allocation Fund (cities and counties) | (\$2,000)         | (\$3,000)         | (\$3,000)         | (\$3,000)         |
| <b>Total</b>                                  | <b>(\$11,000)</b> | <b>(\$18,000)</b> | <b>(\$19,000)</b> | <b>(\$19,000)</b> |

This estimate of decreased revenue was obtained from the Nebraska Department of Revenue. The change in the sales tax base will decrease revenues to the Build Nebraska Act funds resulting in less available funding to the State Highway Capital Improvement 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>2022-23</u>      | <u>2023-24</u>      |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>22-23</u>               | <u>23-24</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits.....             | _____                      | _____        | _____               | _____               |
| Operating.....            | _____                      | _____        | _____               | _____               |
| Travel.....               | _____                      | _____        | _____               | _____               |
| Capital outlay.....       | _____                      | _____        | _____               | _____               |
| Aid.....                  | _____                      | _____        | _____               | _____               |
| Capital improvements..... | _____                      | _____        | _____               | _____               |
| <b>TOTAL.....</b>         | <b>=====</b>               | <b>=====</b> | <b>=====</b>        | <b>=====</b>        |