PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 8, 2023 402-471-0051

LB 496

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2023-24 FY 2024-25							
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE					
GENERAL FUNDS		(\$159,583,000)		(\$251,344,000)				
CASH FUNDS		(5,652,000)		(\$10,173,000)				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		(\$165,235,000)		(\$261,517,000)				

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

LB 496 seeks a sales and use tax exemption for business inputs.

The Department of Revenue (DOR) estimates the following impact to revenues from this bill:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)		State highway Capita Improvement Fund		
FY2023-24	\$ (159,583,000)	\$	(997,000)	\$	(5,652,000)	
FY2024-25	\$ (251,344,000)	\$	(1,795,000)	\$	(10,173,000)	
FY2025-26	\$ (263,912,000)	\$	(1,885,000)	\$	(10,682,000)	
FY2026-27	\$ (277,107,000)	\$	(1,979,000)	\$	(11,216,000)	

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

The DOR estimates minimal costs to implement the bill.

There is no basis to disagree with these estimates.

ADMINI	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 496	LB: 496 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED BY: Neil Sullivan DATE: 2/7/2023 PHONE: (402) 471-4179							
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 496 appears reasonable.							

LB 496 Fiscal Note 2023

		State Agency	Estimate				
State Agency Name: Department of	of Revenue				Date Due LFO:		
Approved by: Glen White		Date Prepared:	Prepared: 02/07/2023 Phone:			: 471-5896	
	FY 202	23-2024	FY 2024-2025		FY 2025-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$(159,583,000)		\$(251,344,000)		\$(263,912,000	
Cash Funds	\$(5,652,000)			\$(10,173,000)		\$(10,682,000)	
Federal Funds					<u> </u>		
Other Funds		\$(997,000)		\$(1,795,000)	<u> </u>	\$(1,885,000)	
Total Funds		\$(166,232,000)		\$(263,312,000)		\$(276,479,000)	

LB 496 provides sales and use taxes will not be imposed on the gross receipts from the sales, lease, or rental of and the storage, use, or other consumption in this state of business inputs. Business input means a product or service purchased by a business entity from a retailer and used by the business entity in the regular course of business in a way that is directly related to the production of a product or the provision of a service.

A product or service is considered a business input only if the business entity passes on the cost of such product or service to the entity's customers and the business entity's customers can reasonably be considered as the ultimate consumers of such product or service.

LB 496 is estimated to have the following fiscal impact:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)		State highway Capital Improvement Fund		
FY2023-24	\$ (159,583,000)	\$	(997,000)	\$	(5,652,000)	
FY2024-25	\$ (251,344,000)	\$	(1,795,000)	\$	(10,173,000)	
FY2025-26	\$ (263,912,000)	\$	(1,885,000)	\$	(10,682,000)	
FY2026-27	\$ (277,107,000)	\$	(1,979,000)	\$	(11,216,000)	

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

Major Objects of Expenditure							
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 Expenditures	24-25 Expenditures	25-26 Expenditures
Benefits.							
Operating Costs							
Capital Outlay							
Capital Improvements							

Aid.....

Capital improvements.....

TOTAL.....

LB ⁽¹⁾ 496					F	FISCAL NOTE			
State Agency OR	Political Subdivision Name: (2)	Nebraska Department of Transportation							
Prepared by: (3)	Liza Alderman	Dat	e Prepared: ⁽⁴⁾	2/7/23	Phone: (5)	402-479-4692			
	ESTIMATE PROV	IDED BY	STATE AGEN	ICY OR POLITIC	AL SUBDIVISI	ON			
	<u>FY</u> EXPENDITURES	<u>2023-24</u>	REVENUE	EXPENDIT	<u>FY 2024-</u> TURES	<u>25</u> <u>REVENUE</u>			
GENERAL FUN		<u>.</u>	REVERCE	<u> EXT ENDI</u>	CILLS	REVENCE			
		<u> </u>	(#5.050.000)	-		(040,470,000)			
CASH FUNDS		_	(\$5,652,000)	<u> </u>		(\$10,173,000)			
FEDERAL FUN	DS			<u> </u>					
OTHER FUNDS	S	<u> </u>	(\$997,000)	<u> </u>		(\$1,795,000)			
TOTAL FUNDS	<u></u>	_	(\$6,649,000)			_(\$11,968,000)			
2023.	or other consumption in th		Build Nebras		comes operat	ive on October 1,			
	Ve	veriue to	FY2023-24	FY2024-25	FY2025-26	6 FY2026-27			
State Highway	y Capital Improvement Fund	ł	(\$5,652,000)	(\$10,173,000)	(\$10,682,00				
Highway Alloc	cation Fund (cities and coun	ties)	(\$997,000)	(\$1,795,000)	(\$1,885,00	00) (\$1,979,000)			
in the sales tax		crease r Capital II	evenues to th mprovement F	e Build Nebraska und for NDOT a	a Act funds reand the Highwa	sulting in less			
Personal Service		<u>VN BY M</u>	AJOR OBJECT	S OF EXPENDIT	<u>URE</u>				
r crsonar berviet		UMBER	OF POSITION	S 2023-9	24	2024-25			
POSIT	TION TITLE	<u>23-24</u>	<u>24-25</u>	EXPENDIT	<u>FURES</u>	<u>EXPENDITURES</u>			
Benefits				<u> </u>					
Operating									
Travel									
Capital outlay									