LB 498

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202	3-24	FY 20	24-25				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$295,541	(\$10,435,000)	\$69,300	(\$11,953,000)				
CASH FUNDS		(\$384,000)		(\$484,000)				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$295,541	(\$10,819,000)	\$69,300	(\$12,437,000)				

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

LB 498 seeks to provide a sales and use tax credit for an amount equal to the franchise fees paid in the state by the retailer or a member of its affiliated group for retailers that furnish community antenna television or satellite services. A retailer could claim the credit on the sales and use tax return within the calendar quarter in which the franchise fees are paid. If the amount of the credit exceeds the amount of the retailer's tax otherwise owed for such calendar quarter, the retailer may file a refund claim.

The operative date for this bill is July 1, 2023.

The Department of Revenue (DOR) estimates the following fiscal impact as a result of this bill:

Fiscal Year	General Funds	Highway Allocation Fund (Cities and Counties)	State Highway Capital Improvement Fund
FY 2023-24	(\$10,435,000)	(\$68,000)	(\$384,000)
FY 2024-25	(\$11,953,000)	(\$85,000)	(\$484,000)
FY 2025-26	(\$12,550,000)	(\$90,000)	(\$508,000)
FY 2026-27	(\$13,178,000)	(\$94,000)	(\$533,000)

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 the need for a one-time programming charge of \$112,241 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe and web development. The DOR also estimates a need for additional IT and Operations personnel as a result of this bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 498	nent of Transportation						
REVIEWED BY	: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179				
COMMENTS: No basis to disagree with the Department of Transportation assessment of fiscal impact from LB 498.							

Fiscal Note 2023

State Agency Name: Departmen	t of Revenue				Date Due LFO:	
Approved by: Glen White		Date Prepared:	03/15/2023		Phone: 471-5896	
	<u>FY 202.</u>	3-2024	FY 2024	-2025	FY 202	5-2026
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$295,541	(\$10,435,000)	\$69,300	(\$11,953,000)	\$26,500	(\$12,550,000)
Cash Funds		(\$384.000)		(\$484.000)		(\$508.000)
Federal Funds						
Other Funds		(\$68,000)		(\$85,000)		(\$90,000)
Total Funds	\$295,541	(\$10,887,000)	\$69,300	(\$12,522,000)	\$26,500	(\$13,148,000)

LB 498 provides a sales and use tax credit to retailers furnishing community antenna television or satellite services under Neb. Rev. Stat. § 77-2701.16(2)(d) for an amount equal to franchise fees paid by the retailer or a member of its affiliated group. The credit can be claimed on the sales and use tax return within the calendar quarter in which the franchise fees were paid. If the credit exceeds the amount of tax owed, the retailer can file for a refund.

The estimated impact of LB 498 on the following funds is as follows:

Fiscal Year	General Funds	Highway Allocation Fund (Cities and Counties)	State Highway Capital Improvement Fund
FY 2023-24	(\$10,435,000)	(\$68,000)	(\$384,000)
FY 2024-25	(\$11,953,000)	(\$85,000)	(\$484,000)
FY 2025-26	(\$12,550,000)	(\$90,000)	(\$508,000)
FY 2026-27	(\$13,178,000)	(\$94,000)	(\$533,000)

LB 498 will require a one-time programming charge of \$112,241 paid to the OCIO for mainframe development and web development. The Department of Revenue (DOR) will need an Information Technology Business Systems Analyst/Coordinator, 1 FTE in the first year and 0.5 FTE for the second year and 0.5 FTE at the Information Technology Applications Developer/Lead level for the first year to implement the bill. Also, the DOR will require 0.5 FTE at the Revenue Operations Analyst II level to complete additional reviews.

The operative date for this bill is July 1, 2023.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>
A07082	Information Technology Business Systems Analyst/Coordinator	1.0	0.5		\$62,300	\$32,700	\$0
A07014	Information Technology Applications Developer/Lead	0.5			\$45,700	\$0	\$0
S29112	Revenue Operations Analyst II	0.5	0.5	0.5	\$18,500	\$19,400	\$19,900
Benefits					\$41,800	\$17,200	\$6,600
Operating Costs					\$112,241	\$0	\$0
Capital Outlay	ents				\$15,000	\$0	\$0
					\$295,541	\$69,300	\$26,500

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LB ⁽¹⁾ 498				FISCAL NOTE			
State Agency OR F	Political Subdivision Name: ⁽²⁾	Nebraska Departn	Nebraska Department of Transportation				
Prepared by: ⁽³⁾	Liza Alderman	Date Prepared: ⁽⁴⁾	3/13/23 Phor	ne: (5) 402-479-4692			
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL SUB	DIVISION			
	FY	2023-24	FY	2024-25			
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	<u>REVENUE</u>			
GENERAL FUN	DS		· · · · · · · · · · · · · · · · · · ·				
CASH FUNDS		(\$384,000)	· · · · · · · · · · · · · · · · · · ·	(\$484,000)			
FEDERAL FUNI	DS						
OTHER FUNDS		(\$68,000)		(\$85,000)			
TOTAL FUNDS		(\$452,000)		(\$569,000)			
TOTAL FUNDS		(\$452,000)		(\$569,000)			

Explanation of Estimate:

LB 498 proposes retailers providing services described in subdivision (2)(d) of section 77-2701.16 may credit against the tax levied by section 77-2703, which such retailer would otherwise be required to collect and remit. The credit amount would be equal to the franchise fees paid in this state by the retailer, or a member of its affiliated group. A retailer may claim the credit allowed under this section on a required return within the calendar quarter in which the franchise fees were paid.

	FY2023-24	FY2024-25	FY2025-26	FY2026-27
State Highway Capital Improvement Fund	(\$384,000)	(\$484,000)	(\$508,000)	(\$533,000)
Highway Allocation Fund (Cities/Counties)	(\$68,000)	(\$85,000)	(\$90,000)	(\$94,000)

This estimate of decreased tax revenue was obtained from the Nebraska Department of Revenue. The change in the sales tax base will minimally 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.

BREAKD	OWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
POSITION TITLE	NUMBER OF <u>23-24</u>	POSITIONS <u>24-25</u>	2023-24 <u>EXPENDITURES</u>	2024-25 <u>EXPENDITURES</u>
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				