PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 31, 2024 402-471-0051

**LB 1349** 

Revision: 00

## **FISCAL NOTE**

## **LEGISLATIVE FISCAL ANALYST ESTIMATE**

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2024-25 FY 2025-26							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS		\$3,861,000		\$4,404,000				
CASH FUNDS		\$142,000		\$178,000				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		\$4,003,000		\$4,582,000				

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

LB 1345 would make changes so that sales and use taxes are imposed on the gross income received for the cleaning of clothing under the definition of gross receipts.

The bill would remove the sales and use tax exemption for admission to a nationally accredited zoo or aquarium operated by a public agency or nonprofit corporation primarily for educational, scientific, or tourism purposes.

Finally, under the bill, section 77-2704.14 would be outright repealed. This would eliminate a sales and use tax exemption of the use of coin-operated machines used for laundering and cleaning except the cleaning or washing of motor vehicles.

This bill would become operative on July 1, 2024 and contains the emergency clause.

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

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund	Local Sales Tax (1.5%)	
FY2024-25	\$ 3,861,000	\$ 25,000	\$ 142,000	\$ 1,003,000	
FY2025-26	\$ 4,404,000	\$ 31,000	\$ 178,000	\$ 1,258,000	
FY2026-27	\$ 4,571,000	\$ 32,000	\$ 185,000	\$ 1,306,000	

There is estimated to be a revenue increase to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties. The DOR also estimates increases in tax revenue to local governments based upon a 1.5% sales and use tax rate.

The DOR estimates no costs to it to implement the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 1349	AM:	AGENCY/POLT. SUB: Departm	nent of Revenue		
REVIEWED BY	7: Neil Sullivan	DATE: 1/30/2024	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1349 appears reasonable.					

## LB 1349 Fiscal Note 2024

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFO:						
Approved by: James R. Kamm Date Prepared: 01/31/2024 Phone:				Phone: 471-5896		
FY 2024	I-202 <u>5</u>	FY 2025	<u>5-2026</u>	FY 2020	6-2027	
Expenditures	Revenue	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	
	\$3,861,000		\$4,404,000		\$4,571,000	
	\$142,000		\$178,000		\$185,000	
	\$1,028,000		\$1,289,000		\$1,338,000	
	\$5,031,000		\$5,871,000		\$6,094,000	
	FY 2024	Date Prepared:	Date Prepared: 01/31/2024	Date Prepared: 01/31/2024	Revenue Date Due LFO:   Date Prepared: 01/31/2024 Phone: 471-5896   FY 2024-2025 FY 2025-2026 FY 2026   Expenditures Revenue Expenditures   \$3,861,000 \$4,404,000 \$4,404,000   \$142,000 \$178,000 \$178,000   \$1,028,000 \$1,289,000 \$1,289,000	

LB 1349 removes the sales tax exemption for cleaning and repair of clothing from §77-382 (2) (l). It also removes the sales tax exemption for admissions to nationally accredited zoos or aquariums operated by a public agency or nonprofit corporation for educational, scientific, or tourism purposes. This bill also repeals §77-2704.14 which exempts sales & use tax on coin-operated machines used for laundering and cleaning.

The estimated fiscal impact to the General Fund revenues would be as follows:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund	Local Sales Tax (1.5%)	
FY2024-25	\$ 3,861,000	\$ 25,000	\$ 142,000	\$ 1,003,000	
FY2025-26	\$ 4,404,000	\$ 31,000	\$ 178,000	\$ 1,258,000	
FY2026-27	\$ 4,571,000	\$ 32,000	\$ 185,000	\$ 1,306,000	

It is estimated that there will be no cost to the DOR to implement LB 1349

Major Objects of Expenditure								
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures	
Benefits								
Travel								
Capital Outlay								
Total								

Please complete ALL (5) blanks in the first three lines.								
<b>LB</b> (1)	3 <sup>(1)</sup> 1349 revised FISCAL NOTE							
State Age	State Agency OR Political Subdivision Name: (2) Nebraska Department of Transportation (NDOT)							
Prepared by: (3) Jenessa Boynton Date Prepared: (4) 01/24/2024 Phone: (5) 402-479-46						4691		
_	ES	STIMATE PROVID	— ED BY STATE A	GENCY OR PO	DLITICAL SUBD	OIVISION		
		FV a	2024-25		FV	2025-26		
		<b>EXPENDITURES</b>	REVENU	J <u>E</u> <u>EX</u>	PENDITURES	REVE	<u>ENUE</u>	
GENERA	AL FUNDS							
CASH FU	JNDS		\$142,00	00		\$178	3,000	
FEDERA	L FUNDS							
OTHER	FUNDS		\$25,000			\$31	,000	
TOTAL	FUNDS		\$167,00	00		\$209	9,000	
Explanatio	on of Estimate:							
LB1349 proposes to eliminate the sales and use tax exemptions on the cleaning of clothing and the admission to a nationally accredited zoo or aquarium operated by a public agency or nonprofit corporation primarily for educational, scientific, or tourism purposes. In addition, LB1349 repeals the sales and use tax exemption from coin-operated machines used for laundering and cleaning.								
		Reve	nue to Build Neb	raska Act Fur	nds		]	
				FY2024-25	FY2025-26	FY2026-27	]	
	Highway Trus			\$142,000	\$178,000	\$185,000	_	
	Highway Allo	cation Fund (cities	and counties)	\$25.000	\$31.000	\$32.000		

This estimate of increased tax revenue is from the Nebraska Department of Revenue. The increase in the sales tax base will result in more available funding to the Highway Trust Fund for NDOT and the Highway Allocation Fund for cities and counties.

BREAKDO	OWN BY MAJO	OR OBJECTS OF	EXPENDITURE	
Personal Services:				
		POSITIONS	2024-25	2025-26
POSITION TITLE	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
		-		-
Benefits			<u></u>	
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				<u> </u>