

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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 16 seeks to amend various sections related to taxation, and to enact the Nebraska EPIC Option Consumption Tax Act (EPIC Act).

LB 16 would terminate the following:

- The Nebraska Budget Act
- Tax-increment financing
- Motor vehicle tax
- Motor vehicle fees
- Property tax
- The inheritance tax
- Sales and use taxes
- The income tax
- The Homestead exemption
- The Tax Equity and Educational Opportunities Support Act (TEEOSA)
- The Community College Aid Act

Additionally, LB 16 would change the deadline for applications under the ImagiNE Nebraska Act to be the effective date of the EPIC Act.

The Nebraska Budget Act:

Under LB 16, The Nebraska Budget Act would be terminated as of January 1, 2026. On and after that date, the EPIC Act would dictate the budget process.

Motor Vehicle Tax and Fees:

The motor vehicle tax imposed in section 60-3,185 and the motor vehicle fee imposed in section 60-3,190 would be repealed at the end of the day on December 31, 2025. Such taxes and fees due from 2025 could be collected during calendar year 2026, but no such taxes or fees would be imposed beginning January 1, 2026.

Property Tax:

Under LB 16, property tax imposed pursuant to Chapter 77 would be repealed at the end of the day on December 31, 2025. Property taxes due from 2025 could still be collected during calendar year 2026, but no property taxes would be imposed on real or personal property beginning January 1, 2026. Along with this, the division of taxes for tax-increment financing would also be terminated. With the termination of property taxes, the Homestead Exemption, TEEOSA, and the Community College Aid Act would end.

The Inheritance Tax:

Under LB 16, the inheritance tax imposed pursuant to sections 77-2001 to 77-2040 would be repealed at the end of the day on December 31, 2025. Inheritance taxes due from 2025 could be collected during calendar year 2026, but no inheritance taxes would be imposed on a deceased person's estate beginning January 1, 2026.

Sales and Use Taxes:

Under LB 16, the state sales and use tax of the Nebraska Revenue Act of 1967 and all local sales and use taxes of the Local Option Revenue Act, the Qualified Judgment Payment Act, and sections 13-319 and 13-2813 would be repealed at the end of the day on December 31, 2025. The Department of Revenue (DOR) could collect sales and use taxes due from 2025 during calendar year 2026, but no sales and use taxes would be imposed on purchases of goods and services beginning January 1, 2026. The current recipients of

state sales and use tax are the General Fund, Department of Transportation, and cities and counties through the Highway Allocation Fund.

The Income Tax:

Under LB 16, the state income tax of the Nebraska Revenue Act of 1967 would be repealed at the end of the day on December 31, 2025. The DOR could collect taxes due from 2025 during calendar year 2026, but income earned in 2026 would not be subject to the income tax.

Consumption Tax:

LB 16 seeks to institute a consumption tax in place of the various sources of tax revenue that would be eliminated under the bill. Under the EPIC Act, the consumption tax would begin on January 1, 2026 on taxable property or services at a rate of 7.5%.

Counties, cities, and villages could impose an additional consumption tax not to exceed 1% for the purpose of repaying bonds.

LB 16 details what would be exempt from the consumption tax.

LB 16 requires all registered sellers or liable persons to remit consumption taxes on or before the fifteenth day of each month to the Tax Commissioner, with certain exceptions, along with the completion of a form reporting various details relating to gross payments received and taxes collected for the prior month. The EPIC Act allows for registered sellers to deduct 0.25% from the consumption tax collected to reimburse for the cost to collect the tax.

LB 16 identifies large sellers as any seller that has collected more than \$100,000 in consumption tax in the prior 12 months. These sellers are required to remit their taxes due to the Tax Commissioner on the first Monday or first business day following the end of each week.

The proceeds of the taxes paid pursuant to the EPIC Act would be collected by the DOR and credited to the General Fund.

LB 16 would provide up to \$1,000, up to \$5,000, and up to \$10,000 of exemptions to the consumption tax on gross payments per calendar year and a credit for qualified inventory of a trade or business.

LB 16 would establish a process of budgeting for state agencies (also applies to the University of Nebraska and the Nebraska state college system). Beginning in 2026, each state agency would submit an annual budget request to the Appropriations Committee chairperson and to the Governor. An annual request for an agency would be limited to the amount equal to the percentage change in the Consumer Price Index for All Urban Consumers, which is released by the federal Bureau of Labor Statistics. In the event of an emergency where an unforeseen contingency arises, the agency can petition the Legislature for a budget increase up to 2.5%. In the event of a natural disaster where the Governor has declared the affected area as a disaster area, the agency can petition the Legislature for a budget increase up to 5%.

Under LB 16, beginning in 2026, the Governor would submit an annual statewide budget to the Legislature by December 1. The Appropriations Committee of the Legislature would approve and submit a bill or bills for the annual statewide budget for approval by the Legislature. The bill or bills would balance expenses with state revenue projected by the Nebraska Economic Forecasting Advisory Board.

LB 16 would create the Budget Equalization and Review Board so that the 93 counties and all political subdivisions in this state receive representation regarding funding for their operations. The Board would consist of 7 members with 5 regional representatives, the secretary, and the Auditor of Public Accounts or his or her designee. The regional representatives would make a comprehensive report for all of the countywide budget proposals within their respective regions and would submit such comprehensive report to the Board for approval. Each comprehensive report would require a majority vote of the regional representatives for approval. Once approved, the proposals would be included in a statewide report prepared by the Secretary of the Board and the statewide report would need to be approved by a majority vote of the regional representatives. After approval, the Secretary of the Board would submit the statewide report to the Governor and to the chairperson of the Appropriations Committee.

LB 16 would establish the County Trust Fund to supply political subdivisions with adequate funds to run their respective operations. The Appropriations Committee would use the mentioned statewide report to determine the amount to be transferred each year to the County Trust Fund. The State Treasurer would transfer money to the County Trust Fund as directed by the Legislature.

LB 16 would establish the County Stabilization Fund to assist counties with additional or unexpected expenditures. The Legislature could transfer money into the County Stabilization Fund as needed, but at no time could the balance of the County Stabilization Fund exceed 10% of the total amount transferred for the year into the County Trust Fund. The distributions to be made from the County Stabilization Fund made annually to each county would be based on each county's SEND score. This score would reflect the amount that a county needs to provide standardized quality countywide services to the residents of the county.

LB 16 would establish the County Rainy Day Fund to provide money to counties that are recovering from a fire, a flood, a tornado, or any other kind of natural disaster which destroys buildings or structures used for governmental purposes or to renovate uninhabitable properties. The Legislature could transfer money into the County Rainy Day Fund as needed, but at no time could the balance of the County Rainy Day Fund exceed 8% of the total amount transferred for the year into the County Trust Fund.

LB 16 would create the School Equalization and Review Board so that school districts receive representation regarding funding for their operations. Like the Budget and Equalization Review Board, it would be composed of 5 regional representatives, a secretary, and the

Auditor of Public Accounts or his or her designee. The regional representatives would submit a region-wide report of all of the school districts within the representative's jurisdiction to the Board for approval. Each region-wide report would require a majority vote of the regional representatives for approval. Once approved, the proposals would be included in a statewide report prepared by the Secretary of the Board and the statewide report would need to be approved by a majority vote of the regional representatives. After approval, the Secretary of the Board would submit the statewide report to the Governor and to the chairperson of the Appropriations Committee.

LB 16 would establish the Education Trust Fund to provide for the free instruction in the common schools of the state. The Legislature would transfer money into the Education Trust Fund annually to cover the five-year average operational costs per school plus 2% for all public schools operating within the state. The Appropriations Committee would use the mentioned statewide report to determine the amount to be transferred each year to the Education Trust Fund. The State Treasurer would transfer money to the Education Trust Fund as directed by the Legislature.

LB 16 would establish the Education Stabilization Fund so school districts receive funding for their operations. The Legislature could transfer money into the Education Stabilization Fund as needed, but at no time could the balance of the Education Stabilization Fund exceed 10% of the total amount transferred for the year into the Education Trust Fund. The distributions to be made from the Education Stabilization Fund made annually to each school district would be based on each school district's stabilization score. The stabilization score would take into account special student needs, transportation, technology, textbooks, and poverty.

LB 16 would establish the Education Facilities and Growth Fund to provide money to school districts for the construction of new buildings and facilities, the maintenance of current buildings and facilities, and growth promotion. The Legislature could transfer money into the Education Facilities and Growth Fund as needed, but at no time could the balance of the Education Facilities and Growth Fund exceed 8% of the total amount transferred for the year into the Education Trust Fund.

LB 16 would create the School Facilities Assessment Committee. The purpose of the committee would be to assess the conditions of the facilities belonging to Nebraska's public school districts, develop plans for the construction of new facilities and maintenance of existing structures, and oversee the distribution of funds for capital projects. Annually, the committee would submit a report of the needs of public school district facilities to the School Facilities and Growth Commission. The committee would consist of five members who would be appointed by the Commissioner of Education and may be removed by the Governor.

LB 16 would create the School Programs and Growth Committee. The purpose of the committee would be to measure the growth of Nebraska's public school districts, assess the needs for new or expanded programs, and oversee the distribution of funds for such new or expanded programs. Annually, the committee would submit a report of the growth needs of public school district facilities to the School Programs and Growth Commission. The committee would consist of five members who would be appointed by the Commissioner of Education and may be removed by the Governor.

LB 16 would create the School Facilities and Growth Commission. The purpose of the Commission would be to establish the policies to be used for measuring the conditions of existing public school district facilities, the procedures for assessing the need for new structures or new facilities, the methodology for measuring public school district growth, and the procedures for assessing the need for new or expanded programs. Annually, the Commission would submit an annual report of recommended capital improvement projects, new facilities, and new programs and growth potential to the Secretary of the School Equalization and Review board. The Commission would consist of five members who would be appointed by the Governor, subject to approval by the Legislature. The members of the commission could be removed by the Governor.

LB 16 is similar to LB 79 that was introduced in 2023 but does differ to LB 79 in some respects. Among these differences is that LB 16 additionally eliminates the mentioned motor vehicle tax and fee. This would result in decreased revenue. Additionally, LB 16 creates the School Facilities Assessment Committee, the School Programs and Growth Committee, and the School Facilities and Growth Commission. The addition of these committees and commission under LB 16 would increase spending of the state compared to LB 79. Also, LB 16 places a cap for counties, cities, and villages on imposing an additional consumption tax at 1% for the purpose of repaying bonds whereas in LB 79 there was no cap. This alters the ability for these political subdivisions to raise revenue compared to LB 79. Given current information, the fiscal effect of LB 16 is indeterminant at this time. If further information is received, the fiscal note for this bill will be updated. However, the fiscal estimates and fiscal analysis for LB 79 are provided below for reference with the similarities between LB 16 and LB 79.

The DOR estimates the consumption tax from LB 79 would generate the following revenue to the General Fund:

- FY24-25: \$0
- FY25-26: \$2,978,000,000
- FY26-27: \$7,493,000,000
- FY27-28: \$7,855,000,000
- FY28-29: \$8,234,000,000

This revenue gain is estimated by the DOR to be offset by the elimination of income, sales, property, and inheritance tax, which would cause a revenue loss of:

- FY24-25: \$0
- FY25-26: (\$3,271,000,000)
- FY26-27: (\$9,287,000,000)
- FY27-28: (\$12,407,000,000)
- FY28-29: (\$12,799,000,000)

The DOR estimates net expenditures for the General Fund to change, as well. The elimination of the Homestead Exemption and Real Property Tax Credit will decrease expenditures. This estimated net change in General Fund expenditures is as follows:

- FY24-25: \$0
- FY25-26: \$0
- FY26-27: (\$739,600,000)
- FY27-28: (\$763,250,000)
- FY28-29: (\$787,635,500)

The DOR assumes that new revenue will be used to redistribute back to all of the funds and political subdivisions impacted by the EPIC Act. This includes the Highway Allocation Fund, the State Highway Capital Improvement Fund, the Highway Cash Fund, and local option sales tax. Given this, the net impact of LB 79 is estimated as follows by the DOR:

- FY24-25: \$0
- FY25-26: (\$763,000,000)
- FY26-27: (\$2,312,800,000)
- FY27-28: (\$5,088,150,000)
- FY28-29: (\$5,119,164,500)

There is no basis to disagree with these estimates by the DOR.

Also, the DOR estimates a one-time OCIO programming charge of \$1,391,544 for mainframe and web development. Additionally, DOR projects the need for additional staff beginning in FY24-25, including Training Specialists, Revenue Agents, Fiscal Compliance Analysts, Revenue Auditors, and more. DOR estimates this to be offset by a reduction in staff beginning in FY26-27 as tax issues are completed and positions are eliminated or reassigned. These positions are primarily those relating to property assessment and revenue operations. As a result, this would reduce DOR expenditures each year over time.

The Department of Health and Human Services approximates a reduction to the Temporary Assistance for Needy Families (TANF) federal funding in the amount of \$16,772,596 based on FY22 numbers as a result of the elimination of the Nebraska Earned Income Tax Credit and Child and Dependent Care Tax Credit that could no longer be claimed as a result of this bill. There is no basis to disagree with this estimate.

The Department of Administrative Services (DAS) estimates an increase to state expenditures as a result of the state being taxed through the consumption tax under this bill. DAS estimates an increase to expenditures in FY25-26 of \$75,118,482 and \$150,236,963 in FY26-27. There is no basis to disagree with these estimates.

The state is also anticipated to have additional responsibilities under this bill that would result in significant increased expenditures. The change to the budget process adds the Budget Equalization and Review Board and the School Equalization and Review Board to compile and approve budgets statewide for political subdivisions. This task will require staff and operational funding for these Boards in order to fulfill their responsibilities. In addition, once these budgets are passed by the Boards, the Legislature and Governor would need more staff for the review of these added governmental budgets now under the purview of the state for funding.

With the creation of the Budget Equalization and Review Board, political subdivisions would send their budget proposals to the county for the countywide report. Political subdivisions would be defined as any political subdivision in the state other than a school district. When political subdivisions cover multiple counties, this bill would create complexities for how to fund these political subdivisions.

The effect to counties and other political subdivisions would be significant as a result of this bill. The revenue sources for nearly all political subdivisions would be eliminated with the repealing of the inheritance, sales and use, and property tax. The EPIC Act would allow for counties, cities, or villages to impose their own consumption taxes, which would offset the revenue loss if utilized.

The sections of the EPIC Act that change the Nebraska budget process would also significantly impact counties and other political subdivisions. These entities would need to restructure their processes to comply with the new requirements. The elimination of the taxes in the EPIC Act would reduce spending needs for staff and activities that had been connected to the eliminated taxes while staff may be added or re-assigned to account for new responsibilities under this bill.

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2024

LB⁽¹⁾ 16

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Attorney General

Prepared by: ⁽³⁾ Jay Bartel Date Prepared: ⁽⁴⁾ 7-25-24 Phone: ⁽⁵⁾ 402-471-2687

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No Fiscal Impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2024

LB⁽¹⁾ 16

FISCAL NOTE

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

Prepared by: ⁽³⁾ Emily Rose Date Prepared: ⁽⁴⁾ 7/26/2024 Phone: ⁽⁵⁾ 402-471-1681

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2024

LB⁽¹⁾ 16

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County (Budget & Fiscal)

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 7-26-24 Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Lancaster County’s revenue would decrease because of the elimination of property taxes and inheritance taxes. The County’s budgeted amount of property tax for FY24-25 is \$95.5 million and the amount for inheritance tax is \$7.8 million. Elimination of motor vehicle tax could result in a \$11.75 million loss in revenue to the county. Estimating the amount of reduction in other revenues is almost impossible because of unknown variances. Interest earnings will be subject to when money is received at the county level versus when property tax was collected. Estimating county revenues from EPIC is almost impossible because of so many unknown variables.

Estimating the changes in expenditures is impossible because of unknown changes that could and would happen. Departments will need to be reorganized and policies and procedures will change tremendously due to the elimination of property taxes.

Payroll changes would need to be made and the payroll system will need to be updated.

The County Treasurer’s office will need to determine what revenues will still be collected at the county level. Property taxes are just a piece of what is collected. Distributions to local subdivisions will need to be changed.

The County Assessor/Register of Deeds office will need to be reorganized due to the elimination of property taxes.

Outstanding bonds that are backed by property tax will need to be reviewed.

The budget process will need to be reviewed because of the elimination of the Nebraska Budget Act. This bill will change the budget process for all political subdivisions including that the county will collect all budget information for all political subdivisions within each county. The information to be sent to the Budget Equalization and Review Board will drive what the county will need to do to comply.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	NUMBER OF POSITIONS		2024-25	2025-26
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2024

LB⁽¹⁾ 16 Special Session

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 7/26/2024 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB16 would adopt the Nebraska EPIC Option Consumption Tax Act. This legislation would terminate many current taxes, including property taxes, inheritance taxes, motor vehicle taxes and motor vehicle fees which are relied on by counties for funding their operations. In place of the repealed taxes, a consumption tax would be implemented and collected by the Department of Revenue beginning 1/1/2026 to fund county government. The State Treasurer would be responsible for distributing revenue to counties pursuant to the State’s budget and any other outstanding liabilities. Counties could implement consumption tax subject to the same authority as the Tax Commissioner. The overall fiscal impact changes are complex in funding and budgeting for counties; therefore, the overall fiscal impact is unknown at this time.

Real and personal property taxes and inheritance taxes would be repealed effective 12/31/2025 by LB 16. In 2023, local governments levied over \$5.3 Billion in property taxes, including counties which levied over \$865 million of that amount. If in effect, LB 16 would outright repeal counties’ authority to collect such taxes. The amount of reduction due to the elimination of the inheritance tax would be approximately \$75 million (\$ Statewide inheritance tax receipts for all 93 counties in 2023 totaled just over \$100 million; this amount is estimated to be reduced by 25 due to the enactment of LB 310 (2022)). Reductions as a result of the termination of motor vehicle taxes and motor vehicle fees would also be faced by counties.

The consumption tax revenue for counties and budget funding for operations would be administered and disbursed by the State Treasurer. Funding received by each county would be determined by the Budget Equalization Board. The County Trust Fund would be used to supply political subdivisions with adequate funds to run their respective operations. Additionally, the County Stabilization Fund would be created for the purpose of assisting counties with additional or unexpended expenditures and a rainy-day fund. There would be a transfer of functions from the State to counties and substantial ones from the counties to the State, particularly for determining a county’s individual budgetary needs and providing an allowance for the operations of such county.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____

TOTAL.....

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

2024

LB⁽¹⁾ 16

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 7/26/24 Phone: ⁽⁵⁾ 402.471.0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2024

LB⁽¹⁾ 16

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State College System

Prepared by: ⁽³⁾ Monte Kramer Date Prepared: ⁽⁴⁾ 7-26-24 Phone: ⁽⁵⁾ 402-471-2507

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact in FY25 or FY26, however, budget requests starting in 2026 will be limited to the percentage change in the Consumer Price Index, unless it is an emergency.

This limitation to annual budget increases could preclude the state colleges from requesting new programs like the Career Scholarship Program or the Corrections Workforce Development Pathway Program, as examples, because they would be above and beyond the CPI increase to the operating budget. These programs are critical to building the workforce in critical needs areas in the State of Nebraska.

Our budget requests are often focused on cost items that are escalating well beyond the CPI. Increases in our liability and property insurance costs over the last five years are a good example: FY18 to FY19 – 5.85%; FY19 to FY20 – 10.47%; FY20 to FY21 – 43.1%; FY21 to FY22 – 40.6%; FY22 to FY23 – 33.2%. Salary increases are another example. The minimum wage increases mandated by State law will require increases on January 1: 2023 – 16.7%; 2024 – 14.3%; 2025 – 12.5%; 2026 – 11.1%. NAPE Union salary increases funded in FY23 were well beyond CPI with increases ranging from 10% to 20%, beyond the approved salary policy.

Aligning our budget increases with the CPI for the last five years, shows that our funding would have been decreased in all but one year if limited to CPI. Given that our cost increases are mostly mandatory cost increases for things like salary and health benefits, insurance, utilities, and operating expenses, we would have had to increase tuition far more each year to make up the funding gap had we not received state appropriations.

	CPI		State Funding
	June to June		Change
FY20	0.6%	FY21	5.6%
FY21	5.4%	FY22	5.2%
FY22	9.1%	FY23	6.6%
FY23	3.0%	FY24	8.4%
FY24	3.0%	FY25	6.0%

Finally, limiting the budget requests to CPI, assumes that is what is necessary to keep up with inflation. We rarely receive the amount of funding we request. If our requests are limited to CPI, and we are not funded at that level, our purchasing power will decrease each year, and we will need to increase tuition and fees each year, making access to Nebraskans even more difficult from a cost perspective.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

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

2024

LB⁽¹⁾ 16

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ July 26, 2024 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The State Treasurer's Office doesn't expect any fiscal impact from LB 16 to the office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2024

LB ⁽¹⁾ 0016 Adopt the Nebraska EPIC Option Consumption Tax Act and terminate tax provisions **FISCAL NOTE**

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System
 Prepared by:⁽³⁾ Chris Kabourek Date Prepared:⁽⁴⁾ 07/26/2024 Phone:⁽⁵⁾ (402) 472-7102

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024 - 25		FY 2025 - 26	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

The University projects a limited fiscal impact from LB 16. Recognizing the importance of fiscal restraint, in recent years the University has limited its budget requests to the State to align with inflationary increases. Rather than asking Nebraska taxpayers or students and families to pay more, the University has managed rising costs by identifying business efficiencies, redirecting internal funds to the highest priorities, and controlling spending. As a result of this strong fiscal discipline, the University has consistently delivered balanced budgets while keeping tuition affordable and accessible for students.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024 - 25 <u>EXPENDITURES</u>	2025 - 26 <u>EXPENDITURES</u>
	<u>24 - 25</u>	<u>25 - 26</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2024

LB⁽¹⁾ 16

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Racing & Gaming Commission

Prepared by: ⁽³⁾ Rita Pracht Date Prepared: ⁽⁴⁾ 7/26/24 Phone: ⁽⁵⁾ 531-310-4536

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____