John Wiemer March 12, 2025 402-471-0051

LB 170

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 202	25-26	FY 20	26-27					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS		\$25,587,000		\$39,348,000					
CASH FUNDS		\$906,000		\$1,593,000					
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS		\$26,493,000		\$40,941,000					

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

LB 170 removes the candy and soft drinks exemption from sales and use tax.

The bill becomes operative on October 1, 2025.

The Department of Revenue estimates the following increase to revenues as a result of the bill:

Fiscal Year	General Fund Revenues		Highway Trust Fund		Highway Allocation Fund (Cities and Counties)		Locals (assume 1.5%)	
FY25-26	\$	25,587,000	\$	906,000	\$	160,000	\$	6,397,000
FY26-27	\$	39,348,000	\$	1,593,000	\$	281,000	\$	11,242,000
FY27-28	\$	40,216,000	\$	1,628,000	\$	287,000	\$	11,490,000
FY28-29	\$	40,818,000	\$	1,652,000	\$	292,000	\$	11,662,000

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 estimates from the Department of Transportation are from the DOR.

The DOR estimates minimal costs to it to implement the bill.

There is no basis to disagree with these estimates.

ADMI	NISTRATIVE SERV	ICES STATE BUDGET DIVISION: REVI	EW OF AGENCY & POLT. SUB. RESPONSE			
LB: 170	AM:	AGENCY/POLT. SUB: Nebraska D	epartment of Transportation			
REVIEWED	BY: Ryan Yang	DATE: 3/11/2025	PHONE: (402) 471-4178			
COMMENTS: Concur with the Nebraska Department of Transportation assessment of fiscal impact from LB 170.						

Fiscal Note 2025

State Agency Name: Department of	of Revenue			I	Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	03/12/2025	I	Phone: 471-5896	
	FY 202	5-2026	<u>FY 2026</u>	-2027	<u>FY 202</u>	7-2028
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$25,587,000		\$39,348,000		\$40,216,000
Cash Funds		\$906,000		\$1,593,000		\$1,628,000
Federal Funds						
Other Funds		\$160,000		\$281,000		\$287,00
Total Funds		\$26,653,000		\$41,222,000		\$42,131,000

LB 170 imposes sales and use taxes on the sale of candy and soft drinks by excluding these items from the definition of nontaxable food and food ingredients as defined in Neb. Rev. Stat. § 77-2704.24. The bill defines candy as a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Candy does not include any preparation containing flour and requires no refrigeration. Soft drinks mean nonalcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages containing milk or milk products, soy, rice or similar milk substitutes, or greater than 50% of vegetable or fruit juice by volume. The proposed definitions are consistent with the Streamlined Sales and Use Tax Agreement (SSUTA).

It is estimated that LB 170 will have the following impact:

Fiscal Year	General Fund Revenues		Highway Trust Fund		Highway Allocation Fund (Cities and Counties)		Locals (assume 1.5%)	
FY25-26	\$	25,587,000	\$	906,000	\$	160,000	\$	6,397,000
FY26-27	\$	39,348,000	\$	1,593,000	\$	281,000	\$	11,242,000
FY27-28	\$	40,216,000	\$	1,628,000	\$	287,000	\$	11,490,000
FY28-29	\$	40,818,000	\$	1,652,000	\$	292,000	\$	11,662,000

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

The operative date for this bill is October 1, 2025.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	25-26 <u>FTE</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	27-28 <u>Expenditures</u>	
Operating Costs								
Capital Outlay								
Capital Improvements Total	5							

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

LB ⁽¹⁾ 170				FISCAL NOTE					
State Agency OR Politics	al Subdivision Name: ⁽²⁾	Nebraska Department of Transportation							
Prepared by: ⁽³⁾ Jen	essa Boynton	Date Prepared: ⁽⁴⁾	3/7/2025 Phone:	(5) 402-479-4691					
	ESTIMATE PROVIDE	ED BY STATE AGEN	CY OR POLITICAL SUBDI	VISION					
	FY 20:	25-26	FY 90	026-27					
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	REVENUE					
GENERAL FUNDS			· · · · · · · · · · · · · · · · · · ·						
CASH FUNDS	See below	\$906,000	See below	\$1,593,000					
FEDERAL FUNDS									
OTHER FUNDS		\$160,000		\$281,000					
TOTAL FUNDS	See below	\$1.066.000	See below	\$1.874.000					

Explanation of Estimate:

LB170 would eliminate the sales tax exemptions for candy and soft drinks as defined within the bill. The operative date of the bill is October 1, 2025.

Revenue to Build Nebraska Act Funds							
FY2025-26 FY2026-27 FY2027-28 FY2028-							
Highway Trust Fund (NDOT)	\$906,000	\$1,593,000	\$1,628,000	\$1,652,000			
Highway Allocation Fund (cities and counties)	\$160,000	\$281,000	\$287,000	\$292,000			
Total	\$1,066,000	\$1,874,000	\$1,915,000	\$1,944,000			

This estimate of increased tax revenue is from the Nebraska Department of Revenue. The increase in revenue in Build Nebraska Act Funds will result in more funding available for NDOT highway construction projects, such as for expansion of the expressway system, and to the Highway Allocation Fund for cities and counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE									
Personal Services:									
	NUMBER OF	F POSITIONS	2025-26	2026-27					
POSITION TITLE	<u>25-26</u>	26-27	EXPENDITURES	EXPENDITURES					
Benefits									
Operating									
Travel									
Capital outlay									
Aid									
Capital improvements									
TOTAL									