PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 26, 2025 402-471-0051

**LB 131** 

Revision: 00

## **FISCAL NOTE**

## **LEGISLATIVE FISCAL ANALYST ESTIMATE**

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
FY 2025-26 FY 2026-27							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$3,107,000)		(\$3,698,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$3,107,000)		(\$3,698,000)			

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

LB 131 provides that for the Nebraska education savings plans qualified higher education expenses are changed in name to qualified education expenses. The bill changes the definition of the mentioned term to include expenses for tuition in connection with enrollment or attendance at an elementary or secondary school with a limit of \$10,000 per beneficiary per taxable year.

The bill replaces the word College with Education for the College Savings Plan Program Fund, the College Savings Plan Expense Fund, and the College Savings Plan Administrative Fund.

The bill provides that all money in the Department of Revenue (DOR) Miscellaneous Receipts Fund would only be used to defray the cost of production of the publications listed in section 77-3,109 or of the listings described in section 77-3,118 and to carry out any administrative responsibilities of the DOR.

LB 131 becomes operative on January 1, 2026.

The DOR estimates the following decrease to General Fund revenues from this bill:

- FY26: (\$3,107,000)
- FY27: (\$3,698,000)
- FY28: (\$4,134,000)

The DOR estimates minimal cost to it as a result of this bill.

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

The Nebraska Investment Council (NIC) estimates the need for 1/8 Senior Portfolio Manager as a result of this bill. The added responsibilities for the NIC as a result of this bill can be accomplished with the NIC's current resources.

The State Treasurer's Office and Nebraska Department of Education estimate no fiscal impact to them as a result of the bill. There is no basis to disagree with these estimates.

ADMINISTR	ATIVE SERVICES	STATE BUDGET DIVISION: RE	VIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: <b>131</b>	AM:	AGENCY/POLT. SUB: Sta	te Treasurer		
REVIEWED BY:	Kimberly Burns	DATE: 01/17/2025	PHONE: (402) 471-4171		
COMMENTS: The State Treasurer's estimate of no fiscal impact from LB 131 appears reasonable.					

ADMINIST	RATIVE SERVICES	STATE BUDGET DIVISION: RE	VIEW OF AGENCY & POLT. SUB. RESPONSE
LB: <b>131</b>	AM:	AGENCY/POLT. SUB: Dep	artment of Education
REVIEWED BY	: Kimberly Burns	DATE: 01/17/2025	PHONE: (402) 471-4171
COMMENTS:	Concur with the Depa	artment of Education's estimate o	f no fiscal impact from LB 131.

ADMINIST	RATIVE SERVICES	STATE BUDGET DIVISION: RE	VIEW OF AGENCY & POLT. SUB. RESPONSE
LB: <b>131</b>	AM:	AGENCY/POLT. SUB: <b>De</b> p	partment of Revenue
REVIEWED BY	: Kimberly Burns	DATE: 02/24/2025	PHONE: (402) 471-4171
COMMENTS: 1	No basis to disagree	with the Department of Revenue	s's estimate of fiscal impact resulting from LB 131.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: <b>131</b>	AM:	AGENCY/POLT. SUB: Nel	oraska Investment Council		
REVIEWED BY	: Kimberly Burns	DATE: 01/22/2025	PHONE: (402) 471-4171		
COMMENTS: The Nebraska Investment Council's estimate of fiscal impact from LB 131 appears reasonable, based on the assumptions provided.					

				FISCAL NOTE
ne: (2) Dept.	of Education	1		
Date	e Prepared: <sup>(4)</sup>	1/15/25	Phone: (5)	402-471-4320
ROVIDED BY	STATE AGEN	CY OR POLI	ΓΙCAL SUBDIVI	SION
FV 0005-06			EV ana	S_07
	REVENUE	EXPEN		REVENUE
		<u> </u>		
DOWN BY M.	AJOR OBJECT	S OF EXPEN	<u>DITURE</u>	-
NUMBER ( <u>25-26</u>	OF POSITIONS <u>26-27</u>		25-26 IDITURES	0000 07
		<u> </u>		2026-27 EXPENDITURES
		·		
	Pate ROVIDED BY  FY 2025-26 URES  ege savings plathe State's eximpact to ND  DOWN BY MARKET OF THE STATE OF T	Date Prepared: (4)  ROVIDED BY STATE AGEN  FY 2025-26 URES REVENUE  ege savings plans to an educathe State's existing 529 collectimpact to NDE.  ROVIDED BY STATE AGEN  FY 2025-26 URES REVENUE  EGG Savings plans to an educathe State's existing 529 collectimpact to NDE.	Date Prepared: (4) 1/15/25  ROVIDED BY STATE AGENCY OR POLITIONS  FY 2025-26 URES REVENUE EXPEN  ege savings plans to an education savings plans to an education savings plans to NDE.	Date Prepared: (4) 1/15/25 Phone: (5)  ROVIDED BY STATE AGENCY OR POLITICAL SUBDIVI  FY 2025-26 FY 2026  URES REVENUE EXPENDITURES  ege savings plans to an education savings plan that allows the State's existing 529 college education savings plan in a impact to NDE.

State Agency Estimate							
State Agency Name: Department o	f Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:	02/24/2025		Phone: 471-5896		
	FY 2025	<u>5-2026</u>	FY 2026	5-2027	FY 202	7-2028	
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$3,107,000)		(\$3,698,000)		(\$4,134,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$3,107,000)		(\$3,698,000)		(\$4,134,000)	
	·			•			

LB 131 amends the Nebraska Educational Savings Plan Trust to include elementary and secondary schools. LB 131 adds to the definition of qualified education expenses, the costs of tuition in connection with enrollment or attendance at an elementary or secondary school, excluding amounts in excess of \$10,000 per beneficiary per taxable year.

With the addition of elementary and secondary schools, LB 131 changes the names of eligible educational institutions to eligible postsecondary educational institutions.

As amended and defined by LB 131, the Meadowlark Act, Neb. Rev. Stat. §§ 85-2801 to 85-2804, applies to eligible postsecondary educational institutions and qualified education expenses for eligible postsecondary education institutions. The scholarship funds disbursed from the College Savings Plan Low-Income Matching Scholarship Program continue to only be used to pay for qualified education expenses associated with attending an eligible postsecondary educational institution and not for attending kindergarten through grade 12. Also, the provisions for the employer contribution did not change and cannot be used to pay expenses associated with attending kindergarten through grade 12.

LB 131 renames several funds to replace College with Education and contains other harmonizing provisions. Existing lines on 1040N, Schedule I will be used.

LB 131 becomes operative on January 1, 2026.

The estimated total reduction to the General Fund would be as follows:

FY25-26 \$ (3,107,000) FY26-27 \$ (3,698,000) FY27-28 \$ (4,134,000)

It is estimated that there will be minimal costs to the DOR to implement this bill.

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

LB <sup>(1)</sup> 131					FISCAL NOTE
State Agency OR Political Subdivision Name: (2	State	e Treasurer			
Prepared by: (3) Jason Walters	Da	ate Prepared: (4)	January 16, 2025	Phone: (5)	402-471-2793
ESTIMATE PROV	VIDED B	SY STATE AGEN	NCY OR POLITICAL	L SUBDIVIS	SION
<u>EXPENDITURE</u>	<u> </u>	<u>REVENUE</u>	EXPENDITU	<u>FY 2026</u> J <u>RES</u>	<u>-27</u> <u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS	<u> </u>			<u></u>	
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	<del>-</del> .				
<b>Explanation of Estimate:</b>				<del></del>	
BREAVDO	WAL DV	MA IOR OBJECTION	CC OF EVENINATION	ne.	
Personal Services:	WNBI	MAJOR OBJECT	<u>TS OF EXPENDITU</u>	<u>KE</u>	
POSITION TITLE	NUMBEI <u>25-26</u> 	R OF POSITIONS <u>26-27</u>	S 2025-26 <u>EXPENDITI</u> -		2026-27 EXPENDITURES
Benefits			_		
Operating					
Travel			<del></del>		
Capital outlay					
Aid					
Capital improvements					
TOTAL					

LB <sup>(1)</sup> 131				ļ	FISCAL NOTE
State Agency OR Po	olitical Subdivision Name: (2)	Nebraska Investm	ent Council		
Prepared by: (3)	Ellen Hung, SIO	Date Prepared: (4)	1-20-2025	Phone: (5)	402-471-2001
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL	SUBDIVIS	ION
	FY <u>2</u> EXPENDITURES	2 <u>025-26</u> <u>REVENUE</u>	<u>EXPENDITU</u>	<u>FY 2026-</u> RES	- <u>27</u> <u>REVENUE</u>
GENERAL FUND	os				
CASH FUNDS	32,310		\$33,925		
FEDERAL FUND	S				
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Es	timate:				
	ent Officer (SIO) has the fid oraska Educational Savings				

money in the Nebraska Educational Savings Plan Trust including the selection of all investment options. With the changes proposed in LB 131, the SIO and Nebraska Investment Council (NIC) staff will need to complete a full review of the current investment line-ups in all 529 Plans which will be affected by the expansion of the program. The investment time horizon will be shorter for those account owners and beneficiaries who are investing and making qualified withdrawals for elementary or secondary expenses versus post-secondary expenses. Therefore, the Council will need to make sure that there are appropriate investment options for the various investment goals and risk tolerances. There will also be on-going annual reviews of the investment options to ensure the appropriateness within the investment line-up.

BREAKI	OOWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
POSITION TITLE	NUMBER OF <u>25-26</u>	POSITIONS <u>26-27</u>	2025-26 EXPENDITURES	2026-27 EXPENDITURES
Senior Portfolio Manager	1/8	1/8	28,000	29,400
Benefits			4,310	4,525
Operating				
Travel				
Capital outlay	· <b></b>			
Aid				
Capital improvements				
TOTAL	•••		32,310	33,925