

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	619,611	0	0	0	619,611
FY2027-2028	51,300	0	0	0	51,300
FY2028-2029	52,800	0	0	0	52,800
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	2,096,000	80,000	0	0	2,176,000
FY2027-2028	(1,976,000)	192,000	0	0	(1,784,000)
FY2028-2029	(2,780,000)	153,000	0	0	(2,627,000)

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

LB1131 would create the Domestic Violence and Human Trafficking Service Providers Tax Credit Act. Beginning on or after January 1, 2027, the Department of Revenue would annually issue \$6 million of refundable, transferrable income tax credits. The groups eligible to receive these tax credits are:

- Qualifying domestic violence and sexual assault programs run by tribal governments
- A statewide coalition representing nonprofit organizations that have an affiliation agreement with the Department of Health and Human Services to provide services to victims of domestic abuse under the Protection from Domestic Abuse Act

Distributions include \$480,000 in tax credits to qualifying programs run by tribal governments and \$300,000 to the statewide coalition. In addition, these organizations would receive an equal share of \$2,088,000 in tax credits and another \$2,505,600 distributed based on the population of the program or agency service area of the qualifying organizations. Finally, another \$626,400 in credits would be distributed to the qualifying organizations based on the area of the program or agency service area. The tax credits are transferrable and may be sold by the recipients. Qualified groups receiving the tax credits must report sales and provide tax identification information to the Department of Revenue at least 30 days prior to a taxpayer claiming the credit.

LB1131 would also eliminate a sales tax exemption for data center equipment that is assembled in Nebraska but subsequently transported outside the state for use outside the state, found in Neb. Rev. Stat. §77-2704.62.

The bill would also eliminate a personal property tax exemption for the same activity found in Neb. Rev. Stat. §77-202(10). LB1131 would also repeal the definition of data centers found in Neb. Rev. Stat. §77-2701.54.

The Department of Revenue (DOR) estimates the impact to the General Fund and cash funds as follows:

Fiscal Year	General Fund Revenues	Highway Trust Fund	Highway Allocation Fund	Total
FY2026-27	\$2,096,000	\$68,000	\$12,000	\$2,176,000
FY2027-28	\$(1,976,000)	\$163,000	\$29,000	\$(1,784,000)
FY 2028-29	\$(2,780,000)	\$130,000	\$23,000	\$(2,627,000)

DOR estimates administrative expenditures to include 0.5 FTE for an Information Technology Business Systems Analyst/Coordinator to implement the bill, and a one-time computer programming expense of \$564,711 paid to the OCIO. Total administrative costs to implement the bill are \$619,611 in FY2026-27 and \$51,300 in FY2027-28. There is no basis to disagree with this estimate.

The Department of Health and Human Services reports no fiscal impact.

The revenue impacts due to LB1131 assume that removing the sales and use tax exemption will reduce the amount of taxable activity in the state. Timing differences between ending the sales and use tax exemption and when income tax credits are claimed account for the positive impact in the first year and negative impacts thereafter. We agree with these assumptions.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 1-29-2026

Phone: (5) 471-6719

FY 2026-2027**FY 2027-2028**

	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

Return by date specified 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

There is no fiscal impact on the Department of Health and Human Services.

MAJOR OBJECTS OF EXPENDITURE**PERSONAL SERVICES:**

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 01/30/2026			
				Phone: 471-5896			
		FY 2026-2027		FY 2027-2028		FY 2028-2029	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$619,611	\$2,096,000		\$51,300	\$(1,976,000)	\$52,800	\$(2,780,000)
Cash Funds		\$68,000			\$163,000		\$130,000
Federal Funds							
Other Funds		\$12,000			\$29,000		\$23,000
Total Funds	\$619,611	\$ 2,176,000		\$51,300	\$(1,784,000)	\$52,800	\$(2,627,000)

LB 1131 adopts the Domestic Violence and Human Trafficking Service Providers Tax Credit Act (Act). For tax years beginning on or after January 1, 2027, the Act allows the following refundable income tax credits:

- a) \$480,000 in tax credits to be distributed equally among qualifying domestic violence and sexual assault programs run by tribal governments.
- b) \$300,000 in tax credits to be distributed to a statewide coalition representing nonprofit organizations that have an affiliation agreement with the Department of Health and Human Services to provide services to victims of domestic abuse under the Protection from Domestic Abuse Act, and
- c) \$5.22 million in tax credits to be distributed as follows:
 - i. \$2,088,000 in tax credits to be distributed equally to the entities described in subdivisions (a) and (b) in this section;
 - ii. \$2,505,600 in tax credits to be distributed based on the population of the program or service area shown by the latest federal decennial census or as determined by the Department of Revenue (DOR), if such census data is unavailable, and
 - iii. \$626,400 in tax credits to be distributed based on the square miles of the program or agency service area.

The DOR must distribute all credits allowed under the Act every tax year. Nonprofit organization means an organization organized under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Tribal has the same meaning as in Neb. Rev. Stat. § 71-914.02.

Credit receipts may sell all or a portion of the tax credit to another taxpayer. The purchasing taxpayer must receive the credit before the date of a tax return, or amended tax return, claiming the credit is filed. For any tax year in which a credit is sold, the recipient selling the credit must notify the DOR of the sale and provide the tax identification number or the purchaser at least 30 days before the taxpayer claims the credit. The notification will be in the manner prescribed by the DOR.

The DOR may adopt and promulgate rules and regulations to carry out the Act.

LB 1131 amends the respective tax credit statutes to provide the refundable credit is allowed to all individuals in Neb. Rev. Stat. § 77-2715.07(8); resident and nonresident estate or trusts and resident and nonresident

Major Objects of Expenditure

Class Code	Classification Title	26-27 FTE	27-28 FTE	28-29 FTE	26-27 Expenditures	27-28 Expenditures	28-29 Expenditures
A07082	Information Technology Business Systems	0.5	0.5	0.5	\$37,500	\$38,600	\$39,700
Benefits.....					\$12,400	\$12,700	\$13,100
Operating Costs.....					\$564,711		
Travel.....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
Total.....					\$619,611	\$51,300	\$52,800

beneficiaries of the estates or trusts as provided in Neb. Rev. Stat. § 77-2717; and to corporate taxpayers in Neb. Rev. Stat. § 77-2734.03.

LB 1131 repeals two exemptions related to data centers. Neb. Rev. Stat. § 77-202(10) is repealed, eliminating the personal property tax exemption for personal property that is assembled, engineered, or processed as part of a data center, for the purpose of subsequent use at a physical location outside of this state.

Neb. Rev. Stat. § 77-2704.62 is repealed, eliminating the sales and use tax exemption for any tangible personal property acquired by a person operating a data center, which is an organized assembly of hardware and software and related infrastructure for the purpose of storing, managing, or disseminating data which is subsequently used outside the state. The bill outright repeals Neb. Rev. Stat. § 77-2701.54, the definition of data center.

LB 1131 becomes operative January 1, 2027.

The estimated fiscal impact of LB 1131 on the General Fund revenues and various cash funds would be as follows:

Fiscal Year	General Fund revenues	Highway Trust Fund	Highway Allocation Fund (Cities and Counties)	Total
FY26-27	\$ 2,096,000	\$ 68,000	\$ 12,000	\$ 2,176,000
FY27-28	\$ (1,976,000)	\$ 163,000	\$ 29,000	\$ (1,784,000)
FY28-29	\$ (2,780,000)	\$ 130,000	\$ 23,000	\$ (2,627,000)

LB 1131 requires a one-time programming charge of \$564,711 paid to OCIO for programming and development costs. The DOR will also need to hire 0.5 FTE Information Technology Business Systems Analyst/Coordinator to implement the bill.