

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	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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

LB940 prohibits public school districts from using certain color additives in school meals.

On or after August 1, 2026, no public elementary or secondary school will offer or make available to any student any food served as a part of a school meal that contains any of the following color additives as referred to by the United States Food & Drug Administration in the federal Regulatory Status of Color Additives as list on January 1, 2026:

- Blue No. 1
- Blue No. 2
- Green No. 3
- Red No. 40
- Yellow No. 5
- Yellow No. 6

FISCAL IMPACT:

There may be a fiscal impact for the Department of Health & Human Services (DHHS) if any of the food purchased after this bill goes into effect still contains the newly restricted additives. The impact between the USDA & DHHS cannot be determined at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
LB: 940 AM: AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY: Kimberly Burns DATE: 01/15/2026 PHONE: (402) 471-4171
COMMENTS: Concur with the Nebraska Department of Education's estimate of no fiscal impact for the agency and indeterminate impact for the school districts from LB 940.

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 1-15-2026

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:

LB940 prohibits certain color additives in school meals effective August 1st, 2026, for public elementary and secondary schools. Implementation of this bill would require the Office of Economic Assistance (OEA) to first identify all the United States Department of Agriculture (USDA) additives described in the bill and once identified, OEA would need to either discontinue ordering these products or limit the amount of orders to only daycares and private schools.

OEA allocates commodity entitlements to both public and private schools that are participating in the National School Lunch Program (NSLP) and to daycares participating in the Child and Adult Care Food Program (CACFP). These schools and daycares place their orders with USDA through the utilization of these funds.

Current processes involve OEA ordering the food directly from USDA to be delivered to state-contracted warehouses, processors, and directly to some schools. USDA foods are primarily available to be ordered either on a quarterly or annual basis with the exception of certain foods which follow an alternative delivery schedule which OEA is notified as they become available.

The bill's current timeline poses obstacles requiring significant lead time for the agency to prepare. Typically, OEA places the orders for next school year between March and April for July through September quarterly deliveries, annual deliveries and any other deliveries identified by USDA. As a result, the food ordered between March and April 2026 could contain prohibited color additives. If schools are unable to utilize those foods due to LB940 then DHHS could be responsible for repaying the USDA for the food wasted from these orders using State General Funds. The department may be able to transfer food to eligible entities should they have the ability to warehouse the food. This could mitigate any potential general fund cost.

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

2026

FISCAL NOTE

Prepared by: (3) Lane Carr Date Prepared: (4) 1.13.26 Phone: (5) 402.419.3012

FY 2026-27**FY 2027-28**

REVENUE

REVENUE

TOTAL FUNDS

There would be no fiscal impact on the NDE, and the impact on school districts participating in the National School Lunch Program cannot be determined.

Personal Services:

NUMBER OF POSITIONS

2026-27

2027-28

26-27

27-28

EXPENDITURES

EXPENDITURES

TOTAL.....

TOTAL.