

# 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	81,715	0	0	0	81,715
FY2027-2028	9,574	0	0	0	9,574
FY2028-2029	9,574	0	0	0	9,574
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	(3,834,000)	(155,000)	0	0	(3,989,000)
FY2028-2029	(3,949,000)	(160,000)	0	0	(4,109,000)

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

LB 865 establishes sales and use tax exemptions for specific items of tangible personal property if sold between 12:01 am on the last Friday of July and 11:59 pm on the Sunday of the same weekend.

The operative date for the bill is January 1, 2027.

The Department of Revenue (DOR) estimates the following decrease to General Fund and Cash Fund revenue as a result of this bill:

Fiscal Year	General Fund Revenues	Highway Trust Fund	Highway Allocation Fund
FY28	(\$3,834,000)	(\$155,000)	(\$27,000)
FY29	(\$3,949,000)	(\$160,000)	(\$28,000)
FY30	(\$4,068,000)	(\$165,000)	(\$29,000)

The DOR estimates a need for a one-time programming charge of \$81,715 paid to the Office of the Chief Information Officer (OCIO) for programming and development costs as well as maintenance costs of \$9,574 in subsequent years for NebFile changes.

TECHNICAL NOTE: The DOR notes that the bill has compliance issues with the Streamlined Sales and Use Tax Agreement as it does not follow established definitions to be used when establishing a sales tax holiday.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
---

LB: 865	AM:	AGENCY/POLT. SUB: Department of Revenue
---------	-----	---

REVIEWED BY: Ryan Yang	DATE: 1/16/2025	PHONE: (402) 471-4178
------------------------	-----------------	-----------------------

COMMENTS: The Department of Revenue assessment of negative fiscal impact from LB 865 appears reasonable.
--

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
---

LB: 865	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation (NDOT)
---------	-----	--

REVIEWED BY: Ryan Yang	DATE: 1/20/2025	PHONE: (402) 471-4178
------------------------	-----------------	-----------------------

COMMENTS: The NDOT assessment of negative fiscal impact from LB 865 appears reasonable.
---

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: James R. Kamm

Date Prepared: 01/16/2026

---

Phone: 471-5896

<u>Class Code</u>	<u>Classification Title</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>28-29 FTE</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>	<u>28-29 Expenditures</u>
Benefits.....							
Operating Costs.....					\$81,715	\$9,574	\$9,574
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>					<b>\$81,715</b>	<b>\$9,574</b>	<b>\$9,574</b>

LB 865 will require a one-time programming charge of \$81,715 paid to the OCIO for programming and development costs. There is also maintenance cost of the NebFile changes is estimated at \$9,574 in subsequent years.

The operative date for this bill is January 1, 2027.

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

2026

LB<sup>(1)</sup> 865

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation (NDOT)

Prepared by: <sup>(3)</sup> Lily Kathee Date Prepared: <sup>(4)</sup> 1/15/2026 Phone: <sup>(5)</sup> 402-479-4635

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				(\$155,000)
FEDERAL FUNDS				
OTHER FUNDS				(\$27,000)
TOTAL FUNDS				(\$182,000)

Explanation of Estimate:

LB865 provides for a three-day period of sales tax exemptions beginning the last Friday in July and ending at midnight the following Sunday of the same weekend. The exemption shall apply to sales of child care supplies, clothing or footwear, and school supplies with a sales price of \$100 or less per item.

The exemption would not apply to items used in a trade or business, cell phones, clothing accessories or equipment, computers and other types of communication, digital, information, or mobile technology, computer software, protective equipment, school computer supplies, sports or recreational equipment, or the lease or rental of any item. The bill will become operative on January 1, 2027.

Revenue Impacts to the Build Nebraska Act Funds			
	FY2027-28	FY2028-29	FY2029-30
Highway Trust Fund (NDOT)	(\$155,000)	(\$160,000)	(\$165,000)
Highway Allocation Fund (cities and counties)	(\$27,000)	(\$28,000)	(\$29,000)
Total	(\$182,000)	(\$188,000)	(\$194,000)

This estimate of decreased tax revenue is from the Nebraska Department of Revenue. The decrease in revenue in Build Nebraska Act Funds will result in less 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:

POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				