

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	(3,534,000)	(143,000)	0	0	(3,677,000)
FY2028-2029	(3,640,000)	(147,000)	0	0	(3,787,000)

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

LB 848 establishes sales and use tax exemptions for specific items during a three-day period beginning at 12:01 am on the first Friday in August and ending at midnight on the Sunday following.

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	(\$3,534,000)	(\$143,000)	(\$25,000)
FY29	(\$3,640,000)	(\$147,000)	(\$26,000)
FY30	(\$3,750,000)	(\$152,000)	(\$27,000)

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: 848	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 848 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 848	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 848 appears reasonable.		

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:	
Approved by: James R. Kamm	Date Prepared: 01/16/2026	Phone: 471-5896	
	FY 2026-2027	FY 2027-2028	FY 2028-2029
	Expenditures	Revenue	Expenditures
General Funds	\$81,715		\$9,574
Cash Funds			(\$3,534,000)
Federal Funds			(\$143,000)
Other Funds			(\$25,000)
Total Funds	\$81,715	\$9,574	(\$3,702,000)
			\$9,574
			(\$3,813,000)

LB 848 adopts an annual sales tax holiday from the first Friday in August beginning at 12:01 am and ending at midnight on the Sunday following.

Section 1 of this bill states the following items are exempted:

- Clothing that the taxable sales price is less than \$100;
- School supplies that are less than \$50 taxable per purchase;
- Computer software that the taxable price is less than \$350;
- Graphing calculators that the taxable price is less than \$150;
- Personal computers or computer peripherals that the taxable price is less than \$1,500 per item.

Section 1 of this bill also specifies that this applies to the sales of items bought for personal use. If items are normally sold as a single unit they should still be sold as a unit and not priced and sold as individual items. The exemption of a bundled transaction is to be calculated by law for other bundled transactions. Section 1 also states that if a purchaser and seller are in two different time zones, the time zone of the purchaser determines the exemption period.

Section 2 of this bill provides definitions of clothing, personal computers and school supplies. The rest of the bill deals with layaway sales, seller's discounts, item delivery, exchanges and returns.

This 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.

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
Benefits.....							
Operating Costs.....					\$81,715	\$9,574	\$9,574
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....					\$81,715	\$9,574	\$9,574

It is estimated that this bill will have the following fiscal impacts.

Fiscal year	General Fund revenues	Highway Trust Fund	Highway Allocation Fund
FY 27-28	(\$3,534,000)	(\$143,000)	(\$25,000)
FY 28-29	(\$3,640,000)	(\$147,000)	(\$26,000)
FY 29-30	(\$3,750,000)	(\$152,000)	(\$27,000)

LB 848 will require a one-time programming charge of \$81,715 paid to the OCIO for programming and development costs. There is also maintenance costs 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⁽¹⁾ 848

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Transportation

Prepared by: ⁽³⁾ Lily Kathee

Date Prepared: ⁽⁴⁾ 1/15/2026

Phone: ⁽⁵⁾ 402-479-4635

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>	<u>REVENUE</u>	<u>FY 2027-28</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	<u>(\$143,000)</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	<u>(\$25,000)</u>
TOTAL FUNDS	_____	_____	_____	<u>(\$168,000)</u>

Explanation of Estimate:

LB848 provides for a three-day period of sales tax exemptions on personal use items beginning the first Friday in August and ending at midnight the following Sunday. The exemptions shall apply to sales of clothing articles under \$100 in value, sales of school supplies of less than \$50 per purchase, computer software under a taxable value of \$350, graphing calculators with a taxable value under \$150, and personal computers or computer peripheral under \$1,500. The bill will become operative on January 1, 2027.

Revenue Impacts to the Build Nebraska Act Funds			
	<u>FY2027-28</u>	<u>FY2028-29</u>	<u>FY2029-30</u>
Highway Trust Fund (NDOT)	<u>(\$143,000)</u>	<u>(\$147,000)</u>	<u>(\$152,000)</u>
Highway Allocation Fund (cities and counties)	<u>(\$25,000)</u>	<u>(\$26,000)</u>	<u>(\$27,000)</u>
Total	<u>(\$168,000)</u>	<u>(\$173,000)</u>	<u>(\$179,000)</u>

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:

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