

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	15,024,000	553,000	0	0	15,577,000
FY2027-2028	16,000,000	648,000	0	0	16,648,000
FY2028-2029	15,967,000	646,000	0	0	16,613,000

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

LB 1109 repeals the following sales and use tax exemptions:

- For nonprofit organizations under section 77-2704.12 (1)(j)
- For Wyuka Cemetery
- Species of game birds subject to permit and regulation by the Game and Parks Commission
- Community-based energy development (C-BED) project exemptions under section 77-2704.57
- Mineral oil to be applied to grain as a dust suppressant
- Biochips used for the purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms
- Data center exemptions under section 77-2704.62

The bill amends the following tax credits:

- The renewable energy credit under section 77-27,235 ends at the end of FY26
- Removes the credit allowed under section 77-5803 of the Nebraska Advantage Research and Development Act from being able to be used as a refundable credit claimed on an income tax return of the taxpayer
- Removes Waste Treatment and Disposal— 5622 as a qualified location under section 77-6818 of the ImagineNE Nebraska Act.

The bill is operative on July 1, 2026.

The bill contains the emergency clause.

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

<i>Fiscal Year</i>	<i>General Fund</i>	<i>Highway Trust Fund</i>	<i>Highway Allocation Fund</i>
FY27	\$15,024,000	\$553,000	\$98,000
FY28	\$16,000,000	\$648,000	\$114,000
FY29	\$15,967,000	\$646,000	\$114,000

There is estimated to be a revenue increase to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties.

The DOR estimates minimal costs for it to implement the bill.

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

The estimates from the Nebraska Department of Transportation are from the DOR, but differ in FY2026-27 due to the operative date of the bill's provisions. As such, we disagree with the impact as stated in this response for FY2026-27 and utilize the estimate from DOR.

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

LB: 1109	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue (NDOR)
REVIEWED BY: Ryan Yang	DATE: 2/2/2026	PHONE: (402) 471-4178
COMMENTS: The NDOR assessment of fiscal impact from LB 1109 appears reasonable.		

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

LB: 1109	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation (NDOT)
REVIEWED BY: Ryan Yang	DATE: 2/2/2026	PHONE: (402) 471-4178
COMMENTS: The NDOT assessment of fiscal impact to the agency from LB 1109 appears reasonable.		

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

LB: 1109	AM:	AGENCY/POLT. SUB: Department of Economic Development (DED)
REVIEWED BY: Ryan Yang	DATE: 1/29/2026	PHONE: (402) 471-4178
COMMENTS: Concur with the DED assessment of no fiscal impact to the agency from LB 1109.		

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

2026

LB⁽¹⁾ 1109

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Economic Development

Prepared by: ⁽³⁾ Kob Kitcharoen Date Prepared: ⁽⁴⁾ 01/16/25 Phone: ⁽⁵⁾ (402) 471-3741

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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Section 1 of LB1109 amends Neb. Rev. Stat. § 77-382 of the Tax Expenditure Reporting Act, which is in the purview of the Nebraska Department of Revenue, by removing “mineral oil as dust suppressant” from the “Agriculture” category of Revenue’s tax expenditure report.

Section 2 of LB1109 amends Neb. Rev. Stat. § 77-2704.12 of the Nebraska Revenue Act of 1967 by eliminating Subsection (1)(j) from the enumerated exemptions of sales and use taxes on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in Nebraska of purchases.

Section 3 of LB1109 amends Neb. Rev. Stat. § 77-2704.15 of the Nebraska Revenue Act of 1967 by removing cemeteries created under Neb. Rev. Stat. § 12-101 from the list of sales and use taxes exemptions for the state, schools, or governmental units.

Section 4 of LB1109 amends Neb. Rev. Stat. § 77-2704.46 of the Nebraska Revenue Act of 1967 by removing “other species of game birds subject to permit and regulation by the Game and Parks Commission” from the allowable sales and use tax exemptions.

Section 5 of LB1109 amends Neb. Rev. Stat. § 77-27,235 of the Nebraska Revenue Act of 1967 by sunseting the renewable energy tax credits to coincide with the 2025-2026 state fiscal year (i.e. before July 1, 2026). The Nebraska Department of Revenue administers the renewable energy tax credits under § 77-2704.46.

Section 6 of LB1109 amends Neb. Rev. Stat. § 77-5804 of the Nebraska Advantage Research and Development Act by eliminating refunding credits as an eligible use of credits. The Nebraska Advantage Research and Development Act is administered by the Nebraska Department of Revenue.

Section 7 of LB1109 amends Neb. Rev. Stat. § 77-6818 of the ImagiNE Nebraska Act, which is administered by the Nebraska Department of Economic Development, by removing “Waste Treatment and Disposal” (NAICS 5622) from the list of business activities that can constitute a “qualified location.”

Based on the current language, DED does not expect any change with current resources.

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.....				

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared: 02/02/2026		Phone: 471-5896		
<u>FY 2026-2027</u>		<u>FY 2027-2028</u>		<u>FY 2028-2029</u>		
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$15,024,000		\$16,000,000		\$15,967,000
Cash Funds		\$553,000		\$648,000		\$646,000
Federal Funds						
Other Funds		\$98,000		\$114,000		\$114,000
Total Funds		\$17,105,000		\$16,762,000		\$16,727,000

LB 1109 repeals the following sales and use tax exemptions:

- Purchases made by any nonprofit organization for purchases of property that will be transferred to an organization listed in Neb. Rev. Stat. § 77-2704.12(a) to (i) until the property is transferred or the contract for which the property was purchased is completed in Neb. Rev. Stat. § 77-2704.12(1)(j).
- Purchases made by Wyuka Cemetery in Neb. Rev. Stat. § 77-2704.15(1)(a).
- Sales of game birds subject to permit and regulation by the Games and Parks Commission in Neb. Rev. Stat. § 77-2704.46.
- Purchases of materials for the manufacture, installation, construction, repair, or replacement of a community-based energy development (C-BED) project in Neb. Rev. Stat. § 77-2704.57.
- Sales of mineral oil to be applied to gain as a dust suppressant in Neb. Rev. Stat. § 77-2704.60. This is removed from the tax expenditure report in Neb. Rev. Stat. § 77-382.
- Sales of biochips used for purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms in Neb. Rev. Stat. § 77-2704.61.
- Any tangible personal property acquired by a person operating a data center, which is an organized assembly of hardware and software and related infrastructure (including environmental control) for the purpose of storing, managing, or disseminating data which is subsequently used outside the state in Neb. Rev. Stat. § 77-2704.62. The definition of data center in Neb. Rev. Stat. § 77-2701.54 is also outright repealed.

LB 1109 amends the following tax credits:

- The renewable energy tax credit in Neb. Rev. Stat. § 77-27,235 is sunset and can no longer be earned after June 30, 2026.
- The refundable income tax credit allowed under the Nebraska Advantage Research and Development Act is eliminated. Taxpayers would be able to use the credit to obtain a sales and use tax refund or against their income tax liability.
- Waste Treatment and Disposal – 5622 is eliminated as a qualified location for the ImagiNE Nebraska Act.

Major Objects of Expenditure

<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.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							

The estimated fiscal impact of LB 1109 to 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)
FY26-27	\$ 15,024,000	\$ 553,000	\$ 98,000
FY27-28	\$ 16,000,000	\$ 648,000	\$ 114,000
FY28-29	\$ 15,967,000	\$ 646,000	\$ 114,000

It is estimated that there would be minimal costs for the Department of Revenue to implement LB 1109.

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2026

LB⁽¹⁾ 1109

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation (NDOT)

Prepared by: ⁽³⁾ Lily Kathee Date Prepared: ⁽⁴⁾ 1/30/2026 Phone: ⁽⁵⁾ 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	See below	\$608,000	See below	\$648,000
FEDERAL FUNDS				
OTHER FUNDS		\$107,000		\$114,000
TOTAL FUNDS	See below	\$715,000	See below	\$762,000

Explanation of Estimate:

LB1109 repeals the sales and use tax exemptions for the following: sales of mineral oil to be applied to grain as a dust suppressant; purchases made by any nonprofit organizations for property that will be transferred to an organization listed in subdivisions (a) through (i) of Neb. Rev. Stat. § 77-2704.12; purchases made by Wyuka cemetery; game birds subject to permit and regulation by the Game and Parks Commission; purchases of materials for the manufacture, installation, construction, repair, or replacement of a community-based energy development; sales of biochips used for purposes of conducting genotyping or the analysis of gene expression, protein expression, genomic sequencing, or protein profiling of plants, animals, or nonhuman laboratory research model organisms; and any tangible personal property acquired by a person operating a data center, which is an organized assembly of hardware and software and related infrastructure (including environmental control) for the purpose of storing, managing, or disseminating data which is subsequently used outside the state.

LB1109 sunsets the renewable energy tax credit on electricity generation with the credit ending on July 1, 2026. In addition, the bill eliminates the refundable income tax credit allowed under the Nebraska Advantage Research and Development Act.

Revenue Impacts to the Build Nebraska Act Funds			
	FY2026-27	FY2027-28	FY2028-29
Highway Trust Fund (NDOT)	\$608,000	\$648,000	\$646,000
Highway Allocation Fund (cities and counties)	\$107,000	\$114,000	\$114,000
Total	\$715,000	\$762,000	\$760,000

This estimate of increased tax revenue is from the Nebraska Department of Revenue. The increase in revenue in Build Nebraska Act Funds will result in more 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.....				