

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	523,247	93,171	0	0	616,418
FY2027-2028	136,300	97,149	0	0	233,449
FY2028-2029	140,300	97,149	0	0	237,449
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	17,367,000	0	0	0	17,367,000
FY2027-2028	24,197,000	0	0	0	24,197,000
FY2028-2029	25,286,000	0	0	0	25,286,000

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

LB 1174 modifies requirements for transaction destination country reporting under the Money Transmitters Act to include two categories:

- Transactions to foreign countries that are not foreign adversary countries and the amount of remittance transfer tax collected on those transactions.
- Transactions to all foreign adversary countries and the amount of remittance transfer tax collected on those transactions.

The bill provides for a remittance transfer tax of 2% on any remittance transfer by a licensee or authorized delegate to all foreign countries that are not foreign adversary countries, and an excise tax of 20% on any remittance transfer to a resident of a foreign adversary country. The bill provides exemptions for active duty members of the armed forces.

The Department of Banking and Finance indicates LB 1174 would require the department to collect, compile, and report additional information outside the typical data collected from the Nebraska Money Transmitter licensees, such as proposed tax receipts of these entities and specific transaction-by-transaction data for all remittances. The department currently licenses 208 Money Transmitters and would need to hire an additional FTE on the accounting team to work the amount of required data. Estimate provided of \$93,171 in FY 27 and \$97,149 in FY 28 include the salary and benefits of one full-time Accountant II position. The department suggests if Section 1 and 2 were to be amended or eliminated, or the required call reports under statute Section 8-2718 were modified, the fiscal impact may be eliminated or mitigated.

The Department of Revenue estimates a one-time programming charge of \$385,947 to add a new tax category to the existing Tax Application and to create a new application and batch process which would allow filing the new return. The department would also need to hire one full-time Information Technology Supervisor estimated at about \$140,000 including the salary and benefits to implement the new program, as well as, general oversight and maintenance of the tax program. LB 1174 would also generate the revenue stated in the table below for the Department of Revenue:

Fiscal Year	General Fund Revenues
FY 2026-2027	\$17,367,000
FY 2027-2028	\$24,197,000
FY 2028-2029	\$25,286,000

No basis to disagree with the estimates.

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

2026

LB⁽¹⁾ 1174

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Banking and Finance

Prepared by: ⁽³⁾ John Drahota Date Prepared: ⁽⁴⁾ 1/28/2026 Phone: ⁽⁵⁾ 402-471-4954

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	\$93,171.06		\$97,148.56	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$93,171.06</u>		<u>\$97,148.56</u>	

Explanation of Estimate:

LB 1174, as written, would require the Department to obtain information from our Nebraska Money Transmitter licensees that is outside of the typical data collected by the Department. Specifically, the information collected would relate to the proposed tax receipts of these entities, along with specific transaction-by-transaction data for all remittances. As the Department currently licenses 208 Money Transmitters, collecting, compiling, and reporting additional data outside of our typical processes would require additional staff. While some work involved in these processes could be absorbed by existing examination, review, and legal staff, the Department would require a new FTE in our accounting team to be able to adequately work with the amount of data that the Department would be required to collect.

Wording that would separate this new report from the standard call report would be constructive relative to uniform call report standardization.

If Sections 1 and 2 were to be amended to eliminate or modify the proposed changes to the required call reports under Section 8-2718, this fiscal impact may be eliminated or mitigated.

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>
Accountant II	1	1	\$54,260.96	\$55,617.48
Benefits.....			\$35,555.38	\$38,176.36
Operating.....			\$3,354.72	\$3,354.72
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$93,171.06</u>	<u>\$97,148.56</u>

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

LB: 1174	AM:	AGENCY/POLT. SUB: Department of Revenue
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REVIEWED BY: Ryan Yang	DATE: 2/4/2025	PHONE: (402) 471-4178
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COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1174 appears reasonable.
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ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1174	AM:	AGENCY/POLT. SUB: Department of Banking and Finance
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REVIEWED BY: Ryan Yang	DATE: 2/4/2025	PHONE: (402) 471-4178
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COMMENTS: The Department of Banking assessment of fiscal impact from LB 1174 appears reasonable.
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State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 02/04/2026			
				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	\$523,247	\$17,367,000		\$136,300	\$24,197,000	\$140,300	\$25,286,000
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$523,247	\$17,367,000		\$136,300	\$24,197,000	\$140,300	\$25,286,000

LB 1174 creates an excise for international remittance transfers. The tax rates are:

- 1) Two percent on transactions sent to foreign countries that are not designated as foreign adversary countries.
- 2) Twenty percent on transactions sent to foreign adversary countries.

Active-duty members of the armed forces and their dependents are exempt from the excise tax. To qualify, the sender or designated recipient must provide a valid Department of Defense Common Access Card or other form of valid military identification.

A report must be submitted by the money transmitter to the Department of Banking detailing:

- The number of transactions to all foreign countries and the estimated amount of excise tax collected, and
- The number of transactions to foreign adversary countries and the estimated amount of excise tax collected.

It is estimated that LB 1174 will have the following fiscal impact:

Fiscal Year	General Fund revenues
FY26-27	\$ 17,367,000
FY27-28	\$ 24,197,000
FY28-29	\$ 25,286,000

LB 1174 requires a one-time programming charge of \$385,947 paid to OCIO for creating a new application and batch process to allow filing of the new return and adding a new tax category to the existing Tax Application. The Department of Revenue will also need to hire 1 IT Supervisor to implement and general oversight and maintenance of the new tax program.

LB 1174 carries an emergency clauses.

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
V07091	Information Technology Supervisor	1.0	1.0	1.0	\$99,500	\$102,500	\$105,500
Benefits.....					\$32,800	\$33,800	\$34,800
Operating Costs.....					\$385,947		
Travel.....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
Total.....					\$523,247	\$136,300	\$140,300