

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	553,248	0	0	0	553,248
FY2027-2028	510,100	0	0	0	510,100
FY2028-2029	525,200	0	0	0	525,200
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	85,558,000	3,030,000	0	0	88,588,000
FY2027-2028	132,179,000	5,350,000	0	0	137,529,000
FY2028-2029	136,147,000	5,511,000	0	0	141,658,000

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

LB 1244 makes the following subject to sales and use tax:

- Animal specialty services and animal grooming services except veterinary services and specialty services or animal grooming services performed on livestock
- Bail bonding services
- Chartered flights
- Check and debt collection
- Cleaning of clothing, excluding any amounts exempt pursuant to section 77-2704.14
- Conference bridging services
- Providing credit information
- Data processing services
- Dating services
- Service provided by employment agencies
- Financial reporting services
- Fishing and hunting guide services
- Interior design and decorating services
- Interstate telephone and telegraph services
- Investment advising services
- Labor to repair intrastate and interstate vessels and railroad rolling stock
- Land surveying services
- Loan broker fees
- Lobbying and consulting services
- Local passenger transportation by chartered road vehicles, including limousines and similar luxury vehicles
- Local taxi services
- Mainframe computer access and processing services
- Motor vehicle cleaning and repair services
- Nail care services, except for any such services that are part of a course of medical treatment and are provided by or under the care or supervision of a licensed health care practitioner or in a licensed health care facility
- Personal instruction services for dance, golf, or tennis
- Public relations and management consulting services
- Purchases by licensees of the State Racing and Gaming Commission
- Real estate management fees
- Secretarial and court reporting services
- Seismograph and geophysical services
- Shoeshine services
- Sightseeing services by ground vehicles
- Skin care services, except for any such services that are part of a course of medical treatment and are provided by or under the care or supervision of a licensed health care practitioner or in a licensed health care facility
- Social escort services
- Storage and moving services
- Tattoo and body modification services, except for any such services that are part of a course of medical treatment and are provided by or under the care or supervision of a licensed health care practitioner or in a licensed health care facility
- Telefloral delivery services
- Telemarketing services
- Telephone answering services
- Test laboratory services, except for medical test laboratory services
- Tour operator services

- Travel agency services
- Water well drilling services
- Wedding planning services
- Weight loss services, except for any such services that are part of a course of medical treatment and are provided by or under the care or supervision of a licensed health care practitioner or in a licensed health care facility

The bill eliminates the exemption connected to molds and dies under section 77-2701.47.

The bill removes the sales and use tax exemption for net wrap, baling wire, and twine purchased for use in commercial agriculture.

The bill provides that there shall be no new application filed under the Nebraska Job Creation and Mainstreet Revitalization Act after June 30, 2026.

The bill adds sales and use tax on the gross receipts from the operation of mechanical amusement devices including local option sales and use taxes.

The bill outright repeals section 77-2704.55 to eliminate refunds on sales and use taxes connected to construction services and to repeal the Department of Revenue Contractor Enforcement Fund.

The bill outright repeals section 77-2704.60 to remove the sales and use tax exemption on mineral oil to be applied to grain as a dust suppressant.

The bill outright repeals section 77-2704.66 to remove the sales and use tax exemption on currency or bullion.

The bill outright repeals section 77-2704.67 to remove the sales and use tax exemption on any sale of a membership in or an admission to or any purchase by a nationally accredited zoo or aquarium operated by a public agency or nonprofit corporation primarily for educational, scientific, or tourism purposes.

The aspect bill connected to the sunset of the Nebraska Job Creation and Mainstreet Revitalization Act is operative on June 30, 2026. The other items in the bill are operative on October 1, 2026. The bill contains the emergency clause.

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

<i>Fiscal Year</i>	<i>General Fund</i>	<i>Highway Trust Fund</i>	<i>Highway Allocation Fund</i>
FY27	\$85,558,000	\$3,030,000	\$535,000
FY28	\$132,179,000	\$5,350,000	\$944,000
FY29	\$136,147,000	\$5,511,000	\$972,000

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 also estimates a one-time programming charge of \$23,048 to be paid to the Office of the Chief Information Officer (OCIO) as result of the bill. The DOR also estimates a need to hire 4.0 FTE Fiscal Compliance Analysts, 1.0 FTE Revenue Auditor, 1.0 FTE Revenue Agent, and 1.0 FTE Attorney as a result of the bill.

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

The revenue estimates of the Nebraska Department of Transportation are from the DOR.

The Nebraska State Historical Society (NSHS) estimates a reduction in Cash Fund revenue each year of \$100,000 as a result of changes in the bill to the Job Creation and Mainstreet Revitalization Program. We estimate that the NSHS can cover estimated costs connected to this bill with existing appropriations.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1244	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 1244 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1244	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 from LB 1244 appears reasonable.		

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

2026

LB⁽¹⁾ 1244

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State Historical Society

Prepared by: ⁽³⁾ Michael Sothan

Date Prepared: ⁽⁴⁾ 1/29/26

Phone: ⁽⁵⁾ 402-540-3925

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	0	0	13,023	0
CASH FUNDS	0	-100,000	0	-100,000
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	0	0	0	0

Explanation of Estimate:

Fees generated from administering The Job Creation and Mainstreet Revitalization (Program) pay for portions of two staff members or .75 FTE and other associated costs that oversee both this Program and other State and Federal incentive programs, State duties for the wind down of this Program can be covered under the Program's Cash Fund and Part 3 fees through at least FY 27, after that obligations to the Program would likely be shifted to general fund expenditures as these duties cannot be covered under the Federal Historic Preservation grant fund.

The Program will take time to fully wind down. NSHS responsibility for current applications can be expected through FY36 and 5 years after the last project is completed, foreseeably FY41. This is due to the post completion 5-year review period and time needed for active applications to wrap up per statute. As duties for the Program diminish, some of the costs of these positions and technology costs will be assumed under Federal funds, however, state responsibilities administered by these positions, currently covered by the cash fund, would eventually need to be covered by other State funds.

Figures above were derived from the cash fund (25420) projections. Part 2 (new applicant) fees make up the bulk of fees collected, est at 100k per year. Applicants do pay a small Part 3 (completion review fee), est at 10k per year. Costs for the program include staff/benefits, technology, and travel for project meetings and reviews. As such expenses from FY27 and most from FY28 will be covered by existing cash fund balances and are already accounted for in those budgets, it is projected the fund will be exhausted in late FY28 resulting in the general fun expenditure for that year and subsequent years.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS	2026-27	2027-28
	26-27	27-28	EXPENDITURES
Building Program Specialist (existing)	.5	.5	N/A
Historical Society Associate Director (existing)	.25	.25	N/A
Benefits.....			0
Operating.....			1,000
Travel.....			0
Capital outlay.....			0
Aid.....			0
Capital improvements.....			0
TOTAL.....			13,023

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:	
Approved by: James R. Kamm	Date Prepared: 01/30/2026	Phone: 471-5896	
	FY 2026-2027	FY 2027-2028	FY 2028-2029
	Expenditures	Revenue	Expenditures
General Funds	\$553,248	\$85,558,000	\$510,100
Cash Funds		\$3,030,000	\$132,179,000
Federal Funds			\$5,350,000
Other Funds		\$535,000	\$944,000
Total Funds	\$553,248	\$89,123,000	\$510,100
			\$138,473,000
			\$525,200
			\$142,630,000

LB 1244 Section 2 amends the definition of gross receipts in Neb. Rev. Stat. § 77-2701.16 to make the following services subject to sales and use tax:

- Animal grooming services. The exceptions for animal specialty services and animal grooming services are amended to apply to (i) veterinary services; and (ii) specialty services or animal grooming services performed on livestock as defined in § 54-183.
- Bail bonding services.
- Providing chartered flights.
- Check and debt collection services.
- Cleaning of clothing, excluding any amount exempt under § 77-2704.14, which applies to the use of coin-operated laundering and cleaning machines.
- Conference bridging services.
- Providing credit information
- Data processing services.
- Dating services.
- Services provided by employment agencies.
- Financial reporting services.
- Fishing and hunting guide services.
- Interior design and decorating services.
- Interstate telephone and telegraph services.
- Investment advising services.
- Labor to repair intrastate and interstate vessels and railroad rolling stock.
- Land surveying services.
- Loan broker fees.
- Lobbying and consulting services.
- Local passenger transportation by chartered road vehicles, including limousines and similar luxury vehicles.
- Local taxi services.
- Mainframe computer access and processing services.

Major Objects of Expenditure

Class Code	Classification Title	26-27	27-28	28-29	26-27	27-28	28-29
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A21211	Fiscal Compliance Analyst	4.0	4.0	4.0	\$202,900	\$209,000	\$215,200
A21251	Revenue Auditor I	1.0	1.0	1.0	\$54,500	\$56,200	\$57,800
X29222	Revenue Agent	1.0	1.0	1.0	\$45,200	\$46,500	\$47,900
A31112	Attorney II	1.0	1.0	1.0	\$69,700	\$71,800	\$74,000
Benefits.....					\$122,900	\$126,600	\$130,300
Operating Costs.....					\$23,048	\$0	\$0
Travel.....							
Capital Outlay.....					\$35,000	\$0	\$0
Capital Improvements.....							
Total.....					\$553,248	\$510,100	\$525,200

- Motor vehicle cleaning and repair services.
- Nail care services, skin care services, tattoo and body modification services, and weight loss services , except for any such services that are part of a course of medical treatment and are provided by or under the care of supervision of a licensed health care practitioner or in a licensed health care facility.
- Personal instruction services for dance, gold, or tennis.
- Public relations and management consulting services.
- Purchases by licensees of the State Racing and Gaming Commission.
- Real estate management fees.
- Secretarial and court reporting services.
- Seismograph and geophysical services.
- Shoeshine services.
- Sightseeing services by ground vehicles.
- Social escort services.
- Storage and moving services.
- Telefloral delivery services defined as amounts received by florists in the State who make deliveries in the State pursuant to instructions received from florists in other states.
- Telemarketing services.
- Telephone answering services.
- Test laboratory services, except for medical test laboratory services.
- Tour operator services.
- Travel agency services.
- Water well drilling services.
- Wedding planning services.

Section 3 eliminates the manufacturing machinery and equipment exemption in Neb. Rev. Stat. § 77-2701.47(1)(c) on sales of molds, dies, and patterns, which are either used in manufacturing or used to manufacture a single product that is either injection-molded from plastic or stamped from metal.

Section 4 eliminates the sales and use exemptions in § 77-2704.36(1)(b) on sales of net wrap, baling wire, and twine purchased for use in commercial agriculture.

Section 11 repeals the following:

- Neb. Rev. Stat. § 77-2704.55, which provides (1) a refund allowed for construction services performed on an owner-occupied home before October 1, 2007, and a refund for any sales tax paid on certain contractor labor services as it existed before October 1, 2007, and (2) the creation of the Department of Revenue Contractor Enforcement Fund.
- Neb Rev. Stat. 77-2704.60, which provides the exemption for sales of mineral oil to be used as a dust suppressant.
- Neb. Rev. Stat. § 77-2704.66, which provides the exemption for sales of currency or bullion. Section 5 of LB 1244 adds the definition of bullion (the same as in § 77-2704.66) to Neb. Rev. Stat. § 77-2716(25) and (26) for the increasing and decreasing income tax adjustments.
- Section 77-2704.67, the exemption on sales of a membership in or admission to or any purchase by a nationally accredited zoo or aquarium operated by a public agency or nonprofit corporation primarily for educational, scientific, or tourism purposes.

Section 1 amends the categories of the tax expenditure report as follows:

- For agriculture, animal special services and veterinary services performed on livestock as defined in § 54-183 are added; and mineral oil as dust suppressant and animal grooming are removed.
- For common carrier and logistics, railroad rolling stock and repair parts and services; and common or contract carriers and repair parts and services are removed.
- For nonprofits, governments, and exempt entities, licensees of the State Racing and Gaming Commission are removed.
- For services purchased for nonbusiness use, hair care and hair removal services; and veterinary services are added; and motor vehicle cleaning, maintenance, and repair services; cleaning and repair of clothing; personal care services; pet-related services; storage and moving services; taxi, limousine, and other transportation services; other professional services; and other real estate services are removed.
- For telecommunications, telecommunications access charges and conference bridging services are removed.

Section 6 sunsets the Nebraska Job Creation and Mainstreet Revitalization Act, also known as the Nebraska Historic Tax Credit, as of July 1, 2026 (no new applications will be filed after June 30, 2026).

Section 7 amends Neb. Rev. Stat. § 77-3005 to provide that the occupation tax levied and imposed by the Mechanical Amusement Device Tax Act is in addition to any sales and use taxes on the gross receipts from the operation of mechanical amusement devices. The amendment removes language related to the exemption from sales and use taxes for the payment of the tax and license fees that are due and owing on or before the licensing date, and subjecting the mechanical amusement device to the Nebraska Revenue Act of 1967 and penalties for nonpayment of the tax and licensing fees.

Section 7 also allows political subdivisions to impose local option sales and use taxes on mechanical amusement devices.

Section 8 provides the following operative dates:

- Sections 6 and 9 become operative on June 30, 2026, which sunsets the Historic Tax Credit.
- Sections 1, 2, 3, 4, 5, 7, 10, and 11 become operative on October 1, 2026.
- The other sections (8 and 12) become operative on their effective date.

Section 12 provides an emergency clause.

The estimates fiscal impact of LB 1244 are as follows:

Fiscal Year	General Fund revenues	Highway Trust Fund	Highway Allocation Fund (Cities and Counties)
FY26-27	\$ 85,558,000	\$ 3,030,000	\$ 535,000
FY27-28	\$ 132,179,000	\$ 5,350,000	\$ 944,000
FY28-29	\$ 136,147,000	\$ 5,511,000	\$ 972,000

LB 1244 will require a one-time programming charge of \$23,048 paid to the OCIO for removing a line from Form 1120NF. The Department of Revenue will also need to hire 4 FTE of Fiscal Compliance Analyst, 1 revenue Auditor, 1 Revenue Agent, and 1 Attorney to implement LB 1244.

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

2026

LB⁽¹⁾ 1244

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Department of Transportation (NDOT)

Prepared by: ⁽³⁾ Lily Kathee

Date Prepared: ⁽⁴⁾ 1/29/2026

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	<u>See below</u>	<u>\$3,030,000</u>	<u>See below</u>	<u>\$5,350,000</u>
FEDERAL FUNDS				
OTHER FUNDS		<u>\$535,000</u>		<u>\$944,000</u>
TOTAL FUNDS	<u>See below</u>	<u>\$3,565,000</u>	<u>See below</u>	<u>\$6,294,000</u>

Explanation of Estimate:

LB1244 seeks to broaden the state's tax base by eliminating several existing sales tax exemptions on services. The bill also repeals exemptions for manufacturing machinery and equipment, certain agricultural resources (net wrap, baling wire, and twine), mineral oil to be used as a dust suppressant, and purchases, memberships, and admissions related to nationally accredited zoo or aquarium operated primarily for educational, scientific, or tourism purposes.

The bill also modifies the Nebraska Job Creation and Mainstreet Revitalization Act by sunsetting on July 1, 2026. The bill contains an emergency clause.

Revenue Impacts to the Build Nebraska Act Funds			
	<u>FY2026-27</u>	<u>FY2027-28</u>	<u>FY2028-29</u>
Highway Trust Fund (NDOT)	<u>\$3,030,000</u>	<u>\$5,350,000</u>	<u>\$5,511,000</u>
Highway Allocation Fund (cities and counties)	<u>\$535,000</u>	<u>\$944,000</u>	<u>\$972,000</u>
Total	<u>\$3,565,000</u>	<u>\$6,294,000</u>	<u>\$6,483,000</u>

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>
Personal Services:				
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				