

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$51,592,000)		(\$81,258,000)
CASH FUNDS		(\$1,827,000)		(\$3,289,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$53,419,000)		(\$84,547,000)

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

LB 1342 would provide a sales and use tax exemption for the sales and purchases of electricity and natural gas for residential use.

The bill would become operative on October 1, 2024.

The Department of Revenue (DOR) estimates the following decrease to revenues as a result of this bill:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	State highway Capital Improvement Fund	Local (Assumes 1.5%)
FY2024-25	\$ (51,592,000)	\$ (322,000)	\$ (1,827,000)	\$ (12,898,000)
FY2025-26	\$ (81,258,000)	\$ (580,000)	\$ (3,289,000)	\$ (23,216,000)
FY2026-27	\$ (85,320,000)	\$ (609,000)	\$ (3,453,000)	\$ (24,377,000)
FY2027-28	\$ (89,586,000)	\$ (639,000)	\$ (3,626,000)	\$ (25,596,000)

There is no basis to disagree with the above estimates by the Department of Revenue (DOR) except that the fiscal impact for the State Highway Capital Improvement Fund impacts the Highway Trust Fund as this portion of sales tax is credited to the Highway Trust Fund. The DOR estimates decreases in tax revenue to local governments based upon a 1.5% sales and use tax rate. There is estimated to be a revenue decrease to the Highway Allocation Fund, as well, which is distributed to cities and counties.

The DOR estimates minimal costs to it to implement this bill. There is no basis to disagree with this estimate.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1342	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 2/27/2024	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1342 appears reasonable.			

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2024

LB⁽¹⁾ 1342

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 2/27/2024 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(1,827,000)	_____	(3,289,000)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(322,000)	_____	(580,000)
TOTAL FUNDS	<u>_____</u>	<u>(2,149,000)</u>	<u>_____</u>	<u>(3,869,000)</u>

Explanation of Estimate:

LB 1342 proposes to exempt sales and purchases of electricity and natural gas for residential use from sales and use tax. The operative date of the bill is October 1, 2024.

Revenue to Build Nebraska Act Funds			
	FY2024-25	FY2025-26	FY2026-27
Highway Trust Fund	\$1,827,000	\$3,289,000	\$3,453,000
Highway Allocation Fund (cities and counties)	\$322,000	\$580,000	\$609,000

This estimate of decreased tax revenue is from the Nebraska Department of Revenue. The decrease in the sales tax base will result in less available funding to the Highway Trust Fund for NDOT and 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>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

