

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2023-24 | | FY 2024-25 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

LB645 would change provisions relating to the state highways and roads, change the prioritization of projects, adjust the allocation of funding. This bill would change the Nebraska Department of Transportation’s project priorities by removing the preservation of existing state highway system asset as the primary priority and the second priority which includes a variety of factors including but not limited to current and projected traffic volume, safety requirements, economic development needs, current and projected demographic trends, and enhancement of the quality of life for all Nebraska citizens. The new prioritization of projects would be based on the following in order of importance: (1) safety of the traveling public, (2) capacity deficiencies based on current and projected traffic volume, (3) current and projected future economic impact of a project, as determined by volume of local average daily traffic and the value of goods transported, and (4) surface conditions of existing roads. Plus, this bill proposes a new action of increasing capacity on city, village, and county collectors and arterials that service or offset traffic on state highways for future development in Nebraska. Finally, LB 645 proposes the state highway system plan shall account for highway revenue raised in each district, with not less than ninety percent of revenue raised in each district being allocated to any project within the district. The plan may include city, village, or county collectors or arterials that directly affect traffic volumes on the state highway system. The bill would also change the factors and percentages used in determining the amount to be allocated to each of the counties or municipal counties for road purposes each year.

The Nebraska Department of Transportation has indicated a determination of the fuel sale location is not possible. This is because motor fuel tax is reported on fuel tax returns at the distributor level, and not the actual location of where the fuel sale occurred. This motor fuel tax is a primary highway revenue source which is collected and deposited into the State Highway Trust Fund, then distributed to the various other funds and used specifically for surface transportation and highway costs and expenses. The current system of motor fuel tax reporting, does not allow for a determination to be made, which would allocate ninety percent of highway revenue to the district in which the revenue was incurred.

NDOT has stated additionally, that LB645 would affect the allocation of funds for road purposes by increasing the average fund allocation for nine counties by 20.6%. The remaining eighty-four counties would receive an average of 16.1% less in allocated funding, with fifty-nine counties receiving a decrease in revenue between \$100,000 to \$499,999. Hence, this bill would cause a shift in funds from the less populated areas to the higher populated areas.

There is no basis to disagree with NDOT’s estimation of overall impact of LB645.

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2023

LB⁽¹⁾ 645

FISCAL NOTE

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

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2023-24</u> | | <u>FY 2024-25</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:

LB 645 proposes a new action of increasing capacity on city, village, and county collectors and arterials that service or offset traffic on state highways for future development in Nebraska. The bill would change the department's priorities by removing preservation of existing state highway system asset as the primary priority and the second priority which includes a variety of factors including but not limited to current and projected traffic volume, safety requirements, economic development needs, current and projected demographic trends, and enhancement of the quality of life for all Nebraska citizens. If LB 645 is enacted, the department shall prioritize projects with the goal of ensuring completion of actions in section 39-1365 based on the following factors in the order of importance: (1) safety of the traveling public, (2) capacity deficiencies based on current and projected traffic volume, (3) current and projected future economic impact of a project, as determined by volume of local average daily traffic and the value of goods transported, and (4) surface conditions of existing roads.

Additionally, LB 645 proposes the state highway system plan shall account for highway revenue raised in each district specified in section 39-1102, with not less than ninety percent of revenue raised in each district being allocated to any project within the district. The plan may include city, village, or county collectors or arterials that directly affect traffic volumes on the state highway system. The bill would also change the factors and percentages used in determining the amount to be allocated to each of the counties or municipal counties for road purposes each year.

One primary highway revenue source within the districts is motor fuel tax. Information obtained from the Department of Revenue does not allow for the determination of the fuel sale location due to data reported on the fuel tax returns is at the distributor level. As a result, the impact of allocating ninety percent of highway revenue to the district in which the revenue was incurred is indeterminate.

The bill additionally would affect the allocation of funds for road purposes by increasing the average fund allocation for nine counties by 20.6%. The remaining eighty-four counties would receive an average of 16.1% less in allocated funding, with fifty-nine counties receiving a decrease in revenue between \$100,000 to \$499,999.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| POSITION TITLE | NUMBER OF POSITIONS | | 2023-24 | 2024-25 |
|---------------------------|----------------------------|---------------------|----------------------------|----------------------------|
| | <u>23-24</u> | <u>24-25</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |