John Wiemer January 30, 2024 402-471-0051

LB 1248

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202	24-25	FY 20	25-26				
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE					
GENERAL FUNDS		\$36,057,000		\$40,325,000				
CASH FUNDS		\$1,327,000		\$1,632,000				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		\$37,384,000		\$41,957,000				

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

LB 1248 would exclude hemp from the sales use tax exemptions under section 77-2704.09.

The bill would also add sales and use taxes for candy and soft drinks.

This bill would become operative July 1, 2024 and contains the emergency clause.

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

Fiscal Year	GF Revenues	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund	Locals (assume 1.5%)	
FY24-25	\$ 36,057,000	\$ 234,000	\$ 1,327,000	\$ 9,365,000	
FY25-26	\$ 40,325,000	\$ 288,000	\$ 1,632,000	\$ 11,522,000	
FY26-27	\$ 41,213,000	\$ 294,000	\$ 1,668,000	\$ 11,775,000	
FY27-28	\$ 41,834,000	\$ 299,000	\$ 1,693,000	\$ 11,953,000	

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 increases in tax revenue to local governments based upon a 1.5% sales and use tax rate.

The DOR estimates no costs to it to implement the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE								
LB: 1248	AM:	nent of Revenue						
REVIEWED B	Y: Neil Sullivan	DATE: 1/30/2024	PHONE: (402) 471-4179					
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1248 appears reasonable.								

Fiscal Note 2024

State Agency Name: Department of	of Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	01/31/2024		Phone: 471-5896	
	<u>FY 202</u> 4	<u>1-2025</u>	FY 2025	-2026	FY 202	6-2027
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$36,057,000		\$40,325,000		\$41,213,000
Cash Funds		\$1,327,000		\$1,632,000		\$1,668,000
Federal Funds						
Other Funds		\$9,599,000		\$11,810,000		\$12,069,000
Total Funds		\$46,983,000		\$53,767,000		\$54,950,000

CL.L. A.

LB 1248 excludes "hemp" from the exemption granted by § 77-2704.09 Insulin; prescription drugs; mobility enhancing equipment; medical equipment; exemptions.

LB 1248 imposes sales and use tax on the sale of candy and soft drinks, beginning July 1, 2024.

It is estimated LB 1248 will have the following fiscal impact to the General Fund revenues:

Fiscal Year	GF Revenues	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund	Locals (assume 1.5%)	
FY24-25	\$ 36,057,000	\$ 234,000	\$ 1,327,000	\$ 9,365,000	
FY25-26	\$ 40,325,000	\$ 288,000	\$ 1,632,000	\$ 11,522,000	
FY26-27	\$ 41,213,000	\$ 294,000	\$ 1,668,000	\$ 11,775,000	
FY27-28	\$ 41,834,000	\$ 299,000	\$ 1,693,000	\$ 11,953,000	

It is estimated that there will be no cost for the Department of Revenue to implement LB 1248.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
Capital Improvements	s							

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LB ⁽¹⁾ 1248				FISCAL NOTE					
State Agency OR Political S	ubdivision Name: (2)	Nebraska Department of Transportation (NDOT)							
Prepared by: ⁽³⁾ Jeness	a Boynton	Date Prepared: ⁽⁴⁾	01/26/2024 Phone: (5	402-479-4691					
ES	ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION								
	FV 4	2024-25	FY 209	95-96					
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	<u>REVENUE</u>					
GENERAL FUNDS									
CASH FUNDS		\$1,327,000		\$1,632,000					
FEDERAL FUNDS									
OTHER FUNDS		\$234,000		\$288,000					
TOTAL FUNDS		\$1,561,000		\$1,920,000					

Explanation of Estimate:

LB1248 proposes to exclude hemp from the sales and use tax exemption in §77-2704.09 and impose sales and use tax on candy and soft drinks. The operative date of the bill is July 1, 2024.

Revenue to Build Nebraska Act Funds						
	FY2024-25	FY2025-26	FY2026-27	FY2027-28		
Highway Trust Fund	\$1,327,000	\$1,632,000	\$1,668,000	\$1,693,000		
Highway Allocation Fund (cities and counties)	\$234,000	\$288,000	\$294,000	\$299,000		

This estimate of increased tax revenue is from the Nebraska Department of Revenue. The increase in the sales tax base will result in more available funding to the Highway Trust Fund for NDOT and the Highway Allocation Fund for cities and counties.

BREAKD	OWN BY MAJO	OR OBJECTS OF	<u>EXPENDITURE</u>	
Peronal Services:				
POSITION TITLE	NUMBER OF <u>24-25</u>	F POSITIONS <u>25-26</u>	2024-25 <u>EXPENDITURES</u>	2025-26 <u>EXPENDITURES</u>
Benefits				
Operating				
Travel				
Capital outlay				
Aid Capital improvements				
TOTAL				