PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 30, 2024 402-471-0051

**LB 1308** 

Revision: 00

## **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		\$29,760,000		\$33,937,000						
CASH FUNDS		\$1,095,000		\$1,374,000						
FEDERAL FUNDS										
OTHER FUNDS										
TOTAL FUNDS		\$30,855,000		\$35,311,000						

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

LB 1308 would make changes so that sales and use taxes are imposed on the gross income for accounting services under the definition of gross receipts.

Under this bill, section 77-2704.64 is also outright repealed. This would eliminate the sales and use tax exemption on repair or replacement parts for agricultural machinery and equipment used in commercial agriculture.

This bill would become operative on 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:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)		Highway Trust Fund	Local Sales Tax (1.5%)	
FY2024-25	\$ 29,760,000	\$	193,000	\$ 1,095,000	\$ 7,729,000	
FY2025-26	\$ 33,937,000	\$	243,000	\$ 1,374,000	\$ 9,696,000	
FY2026-27	\$ 35,572,000	\$	254,000	\$ 1,440,000	\$ 10,163,000	

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: 1308	AM:	AGENCY/POLT. SUB: Departm	nent of Revenue					
REVIEWED	BY: Neil Sullivan	DATE: 1/30/2024	PHONE: (402) 471-4179					
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1308 appears reasonable.								

## LB 1308 Fiscal Note 2024

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFO:									
Approved by: James R. Kamm Date Prepared: 01/29/2024									
FY 2024	1-202 <u>5</u>	FY 202:	<u>5-2026</u>	FY 2020	6-2027				
<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	Expenditures	Revenue				
	\$29,760,000		\$33,937,000		\$35,572,000				
	\$1,095,000		\$1,374,000		\$1,440,000				
	\$7,922,000		\$9,939,000		\$10,417,000				
	\$38,777,000		\$45,250,000		\$47,429,000				
	FY 2024	Revenue  Date Prepared:  FY 2024-2025  Expenditures  Revenue  \$29,760,000  \$1,095,000  \$7,922,000	Date Prepared: 01/29/2024	Date Prepared: 01/29/2024	Revenue         Date Due LFO:           Date Prepared: 01/29/2024 Phone: 471-5896           FY 2024-2025         FY 2025-2026         FY 2025           Expenditures         Revenue         Expenditures         Expenditures           \$29,760,000         \$33,937,000         \$1,374,000           \$1,095,000         \$1,374,000         \$9,939,000				

LB 1308 amends §§77-382 and 77-2701.16 to impose sales and use tax on certain services to includes accounting services in the definition of gross receipts. This bill also repeals § 77-2704.64 which provides a sales and use tax exemption on repair or replacement parts for agricultural machinery and equipment used in commercial agriculture.

The estimated fiscal impact to the General Fund revenues would be as follows:

	General Fund Revenues	Highway Allocation Fund (Cities and Counties)		Highway Trust Fund	Local Sales Tax (1.5%)	
FY2024-25	\$ 29,760,000	\$	193,000	\$ 1,095,000	\$ 7,729,000	
FY2025-26	\$ 33,937,000	\$	243,000	\$ 1,374,000	\$ 9,696,000	
FY2026-27	\$ 35,572,000	\$	254,000	\$ 1,440,000	\$ 10,163,000	

It is estimated that there will be no cost to the DOR to implement LB 1308.

Major Objects of Expenditure										
Class CodeClassification Title24-2525-2626-2724-2525-26FTEFTEFTEFTEExpendituresExpenditures										
Operating Costs	Benefits									
Travel										
	ıts									

Please com	nplete <u>A</u>	<u>LL</u> (5) bl	lanks in the first thre	e lines.				2	2024
LB(1)	1308						_ F	ISCAL N	OTE
State Agen	ıcy OR P	olitical S	Subdivision Name: (2)	Nebraska De	partment of	f Transportation	on (NDC	DT)	
Prepared	by: (3)	Jenes	sa Boynton	Date Prepare	ed: (4) 01/26/	2024 Pl	none: (5)	402-479-46	91
		E	STIMATE PROVID	DED BY STATE	AGENCY OR	POLITICAL SU	BDIVISIO	ON	
			<u>FY :</u>	<u>2024-25</u>			FY 2025-	<u>-26</u>	
			<b>EXPENDITURES</b>	REVEN	<u>IUE</u>	<u>EXPENDITURI</u>	<u>ES</u>	REVEN	<u>UE</u>
GENERA	L FUNI	OS							
CASH FU	NDS			\$1,095	,000			\$1,374,	000
FEDERA	L FUNI	S							
OTHER I	FUNDS			\$193,0	000			\$243,0	000
TOTAL F	TOTAL FUNDS			\$1,288	,000			\$1,617,	000
Explanatio	65				<del></del>		=		
LB1308 w	ould re	peal §	pose sales and us 77-2704.64 which achinery and equip	provides a sale ment used in c	es and use ta ommercial aç	x exemption or griculture.			
			Reve	enue to Build Ne			<u> </u>		
	Lliaby	(a) ( T <sub>m</sub> ,	at Fund		FY2024-2			026-27	
			ist Fund ocation Fund (cities	s and counties)	\$1,095,00 \$193,00			440,000 254,000	
sales tax l	nate of base w	increas	sed tax revenue is It in more availables s and counties.	from the Nebra	iska Departm	nent of Revenu	e. The i	ncrease in	

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