John Wiemer February 13, 2024 402-471-0051

LB 1305

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 2024	25-26							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS	\$126,144	(\$1,830,000)		(\$4,070,000)					
CASH FUNDS		(\$6,000)		(\$42,000)					
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	\$126,144	(\$1,836,000)		(\$4,112,000)					

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

LB 1305 would exclude central bank digital currency under the term of money and would define central bank currency.

The bill would expand the sales and use tax exemption for bullion so that bullion would now also include coins, notes, leaf, foil, and film. The exemption would also make changes so that the value of bullion would depend primarily on its content.

The bill would add that for taxable years beginning on or after January 1, 2025, federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would be adjusted on the amount of any net capital gain or loss that is derived from the sale or exchange of gold or silver bullion to the extent such gain or loss is included in federal adjusted gross income.

The bill would become operative on January 1, 2025.

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

		(General Fund	Hig	ghway Trust	Hig	hway Allocation		
Fise	cal Year	revenues		Fund		Fund		Total	
FY	2024-25	\$	(1,830,000)	\$	(6,000)	\$	(1,000)	\$	(1,837,000)
FY	2025-26	\$	(4,070,000)	\$	(42,000)	\$	(7,000)	\$	(4,119,000)
FY	2026-27	\$	(3,930,000)	\$	(44,000)	\$	(8,000)	\$	(3,982,000)
FY	2027-28	\$	(3,880,000)	\$	(45,000)	\$	(8,000)	\$	(3,933,000)

There is estimated to be a revenue decrease to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties.

Additionally, the DOR estimates a need for a one-time cost of \$126,144 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill.

There is no basis to disagree with these estimates.

TECHNICAL NOTE: Based on the language in the bill of only federal adjusted gross income being mentioned regarding to the extent gain or loss is included in income, this may affect the deductibility of the sale or exchange of gold or silver bullion for corporation and fiduciary taxpayers.

ADMINIST	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE									
LB: 1305	AM:	AGENCY/POLT. SUB: Department of Revenue								
REVIEWED BY:	Neil Sullivan	DATE: 2/13/2024	PHONE: (402) 471-4179							
COMMENTS: Th	ne Department of Revenue	e assessment of fiscal impact from LB 1305 ap	opears reasonable.							

Fiscal Note 2024

State Agency Name: Department of	of Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	Date Prepared: 02/12/2024 Phone: 4			
	FY 2024	4-2025	FY 2025	-2026	<u>FY 202</u>	6-2027
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$126,144	\$(1,830,000)		\$(4,070,000)		\$ (3,930,000)
Cash Funds		\$(6,000)		\$(42,000)		\$(44,000)
Federal Funds						
Other Funds		\$(1,000)		\$(7,000)		\$(8,000)
Total Funds	\$126,144	\$(1,837,000)		\$(4,119,000)		\$(3,982,000)

LB 1305 modifies the definition of money to exclude central bank digital currency, expands the sales and use tax exemption for sales of bullion, and requires individuals, corporations, and fiduciaries to modify their federal adjusted gross income (federal AGI) or federal taxable income for the net gain or loss on the sale or exchange of silver or gold bullion.

Central bank digital currency means any digital currency, digital medium of exchange, or digital monetary unit of account issued by the United States Federal Reserve System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is made directly available to a consumer by such entities, and includes any such digital currency, digital medium of exchange, or digital monetary unit of account that is processed or validated directly by such entities.

The sales and use tax exemption on bullion is expanded by adding to the definition of bullion, coins, notes, leaf, foil, and film. The exemption was also expanded by including bullion with a value that depends primarily on its content. Under current law the value of the metal depends on its content.

For tax years beginning on and after January 1, 2025, individuals, corporations, and fiduciaries must modify their federal AGI or federal taxable income by the net gain or loss on the sale or exchange of gold or silver bullion to the extent included in a taxpayer's federal AGI or federal taxable income is deducted for Nebraska purpose.

It is estimated that LB 1305 will have the following impact:

	General Fund		Highway Trust		Highway Allocation			
Fiscal Year	revenues		Fund		Fund		Total	
FY2024-25	\$	(1,830,000)	\$	(6,000)	\$	(1,000)	\$	(1,837,000)
FY2025-26	\$	(4,070,000)	\$	(42,000)	\$	(7,000)	\$	(4,119,000)
FY2026-27	\$	(3,930,000)	\$	(44,000)	\$	(8,000)	\$	(3,982,000)
FY2027-28	\$	(3,880,000)	\$	(45,000)	\$	(8,000)	\$	(3,933,000)

	Major	Objects of I	Expendit	ure			
<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			l 	l 			
Operating Costs					\$126,144		
Capital Improvements							
Total			•••••	•••••	\$126,144		

LB 1305 will require a one-time charge of the \$126,144 paid to OCIO for development.

The operative date for this bill is January 1, 2025.