

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

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

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

LB706 authorizes the Nebraska State Highway Commission, new authority beginning July 1, 2023, to act on the recommendation of the Department of Transportation, and authorize the issuance of bonds under the Nebraska Highway Bond Act. The Nebraska State Highway Commission, upon the recommendation of the Nebraska Department of Transportation (NDOT) may issue up to \$450 million in bonds. LB706 limits the annual debt service payments to \$30 million. The annual debt service shall not exceed 19 years. No bonds shall be issued after June 30, 2029 except for refunding bonds, issued in accordance with the Nebraska Highway Bond Act. All bonds must be repaid by June 30, 2042.

Any proceeds from the sale of the bonds are to be deposited into the State Highway Capital Improvement Fund for use pursuant to the Build Nebraska Act. Debt service payments are to be considered special obligations of the state, not a general obligation or debt of the State. The bonds shall be exempt from state income taxes.

The debt service payments are payable from the State Highway Capital Improvement Fund, or any other funds specifically pledged by the Nebraska State Highway Commission. Money credited to the State Highway Capital Improvement Fund is to first be used for the repayment of the bonds. Funds remaining after repaying the bonds, will then be split, with at least 25% being utilized for construction of either the expressway system or other federally designated high priority corridors. The money remaining will be used to pay for surface transportation projects of the highest priority as determined by the NDOT. LB706 has an emergency clause and would take effect when passed and approved according to law.

The Nebraska Department of Transportation (NDOT) has indicated that any fiscal impact to NDOT would be contingent upon whether bonds would be issued and the timing of the projects. Costs of the bond issuance, such as financial advisor, bond counsel and rating agency fees, are anticipated and would vary based on if the bond issuance occurred in one or more series. In addition, NDOT's fiscal note includes this technical note below:

With respect to the fund in which the bond proceeds should be deposited, the State Highway Capital Improvement Fund was created and designated to be used under the Build Nebraska Act. Under current law, sales tax revenues credited to the State Highway Capital Improvement Fund will terminate on June 30, 2033. Since Article XIII, Section 1 of the Nebraska Constitution requires that only state revenues closely related to the use of the highways may be pledged for the repayment of highway bonds, the State Highway Capital Improvement Fund and its general sales and use tax revenue, would not be authorized to repay highway bonds.

There is no basis to disagree with NDOT's estimation of an indeterminate fiscal impact at this time.

Please complete ALL (5) blanks in the first three lines.

**2023**

**LB<sup>(1)</sup> 706**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation

Prepared by: <sup>(3)</sup> Jenessa Boynton Date Prepared: <sup>(4)</sup> 2/13/23 Phone: <sup>(5)</sup> 402-479-4962

**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>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>	See below	See below	See below	See below
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>				

**Explanation of Estimate:**

LB 706 states it is the intent of the Legislature to conservatively utilize bond financing by issuing bonds to accelerate the completion of the highway construction projects identified for funding under the Build Nebraska Act. Bonds issued may not exceed \$450 million in principal and \$30 million in annual debt service for a period of not more than nineteen years. Proceeds from the sale of the bonds issued shall be deposited in the State Highway Capital Improvement Fund for use pursuant to the Build Nebraska Act. (see technical note below)

Upon the recommendation of the Department of Transportation (NDOT) and the commission, the commission acting for and on behalf of the state may issue from time to time bonds under the Nebraska Highway Bond Act. Pursuant to subsection (3) of section 39-2223 at least seventy-five percent of proceeds from the bonds issued shall be used for construction of the expressway system and federally designated high priority corridors. The remaining proceeds shall be used to pay for surface transportation projects of the highest priority as determined by the department. Bonding authority beings immediately following the passing of the bill with all bond to be issued no later than June 30, 2029 and repaid by June 30, 2042.

The fiscal impact to NDOT is contingent upon whether bonds would be issued and the timing of the projects. Costs of the bond issuance, such as financial advisor, bond counsel and rating agency fees, are anticipated and would vary based on if the bond issuance occurred in one or more series.

Technical Note: With respect to the fund in which the bond proceeds should be deposited, the State Highway Capital Improvement Fund was created and designated to be used under the Build Nebraska Act. Under current law, sales tax revenues credited to the State Highway Capital Improvement Fund will terminate on June 30, 2033. Since Article XIII, Section 1 of the Nebraska Constitution requires that only state revenues closely related to the use of the highways may be pledged for the repayment of highway bonds, the State Highway Capital Improvement Fund and its general sales and use tax revenue, would not be authorized to repay highway bonds.

**BREAKDOWN BY MAJOR OJECTS OF EXPENDITURE**

**Personal Services:**

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