

PREPARED BY: Shelly Glaser  
DATE PREPARED: March 31, 2025  
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**LB 449**

Revision: 01

Revised to reflect an additional agency response.

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$220,300		\$212,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$220,300		\$212,000	

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

Revising the fiscal note due to newly received additional information from the Nebraska Department of Revenue (NDOR).

LB449 amends Nebraska §39-1365.01 by removing the current priorities which are used by the Nebraska Department of Transportation (NDOT) in planning the state highway system projects. This bill proposes to remove both the “preservation of existing state highway systems” priority; and the “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” priorities from the planning process. LB449 would add language stipulating that not less than 70% of the highway revenue raised in each district be allocated to projects within that district during the highway system planning process.

The operative date for this bill is three months after adjournment.

#### Expenditures:

The NDOR has indicated that their current reporting and processing system cannot determine the source of the fuel tax by geographical area within Nebraska. As the bill is currently written, this would be necessary for the NDOT to be able to meet the bill's requirements. Additionally, the NDOR has noted that changes would be required to: tax returns, Electronic Data Interchange (EDI) filing requirements, and the motor fuel processing system; to be able to gather this information by geographical region.

Due to these data changes, the NDOR estimates it would need to hire two Revenue Agents and one Revenue Auditor III; with the total salaries and benefits for these three additional FTE costing \$205,300 General Funds in FY2025-26 and \$212,000 General Funds in FY2026-27. Plus, a one-time capital outlay of \$15,000 General Funds in FY2025-26. Together, the combined expenditures needed would be \$220,300 General Funds in FY2025-26 and \$212,000 General Funds in FY2026-27.

The NDOT has indicated that the fiscal impact of this bill cannot be determined, as the motor fuel tax data obtained by the NDOR's Motor Fuel Tax Division does not allow for the determination of the final fuel sale location. Data reported on fuel tax returns is at the distributor level.

Currently, it appears that allocating 70% of highway revenue (of which motor fuel tax is the primary source) into the same districts from which the revenue was incurred is administratively impossible, for certain revenue under the current structure of the motor fuel tax.

The fiscal impact presented by the NDOR seems reasonable.

There is no basis to disagree with the NDOT's assessment of indeterminate fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 449	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation	
REVIEWED BY: Joe Massey		DATE: 2/7/2025	PHONE: (402) 471-4181
COMMENTS: Concur with the Nebraska Department of Transportation assessment of no fiscal impact from LB 449.			

## State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 03/31/2025			
				Phone: 471-5896			
	<b>FY 2025-2026</b>			<b>FY 2026-2027</b>			<b>FY 2027-2028</b>
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u> <u>Revenue</u>
General Funds	\$ 220,300	\$ 0		\$ 212,000	\$ 0		\$ 212,000 \$ 0
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$ 220,300	\$ 0		\$ 212,000	\$ 0		\$ 212,000 \$ 0

LB 449 amends Neb. Rev. Stat. § 39-1365.01 which addresses the Department of Transportation's annual state highway system plan (plan) which is presented to the Legislature on or before December 1 each year. It removes the specific priorities to be considered in statute (primary priority: preserving the existing state highway system asset, except as provided by state or federal law; and the factors for establishing the secondary priorities). LB 449 requires the Department of Transportation to include in the plan an account for the highway revenue raised by each district specified in § 39-1102. In addition, LB 449 requires that not less than 70% of the revenue raised in each district will be allocated to any project within the district.

The operative date for LB 449 is three months after adjournment of the Legislature.

The current Department of Revenue (DOR) reporting and processing system cannot determine the source of the fuel tax by geographical area within Nebraska as would be needed for the Department of Transportation to meet the new LB 499 requirements. Changes to the tax returns, EDI (Electronic Data Interchange) filing requirements, and the motor fuel processing system would be required to gather this information by geographical region. Due to the increased amount of data needed and the need to have all the licensees change the kind of data they report, DOR would need to hire 2.0 FTE Revenue Agent and 1.0 FTE Revenue Auditor III to implement this bill.

## Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
X29222	Revenue Agent	2.0	2.0	2.0	\$89,300	\$92,200	\$92,200
A21253	Revenue Auditor III	1.0	1.0	1.0	\$ 65,100	\$67,200	\$67,200
Benefits.....					\$50,900	\$52,600	\$52,600
Operating Costs.....							
Travel.....							
Capital Outlay.....					\$15,000		
Capital Improvements.....							
<b>Total.....</b>					\$220,300	\$212,000	\$212,000

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> 2/5/2025

Phone: <sup>(5)</sup> 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB449 proposes to remove preservation of existing state highway systems as the Department's primary priority. 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 is also removed. The bill would require not less than seventy percent of revenue raised in each district to be allocated to any project within the district.

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

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				