

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	\$571,683		\$54,400	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$571,683		\$54,400	

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

LB 269 eliminates the language from section 77-27,143 (6) regarding zip-codes for the specified sales and use tax database that the state provides.

The bill amends section 77-27,143 (7) so that the state shall provide, and maintain an address-based boundary database for assigning taxing jurisdictions and their associated rates that shall meet the requirements developed pursuant to the federal Mobile Telecommunications Sourcing Act, 4 U.S.C. 119 (a), as such act existed on January 1, 2003. The Tax Commissioner shall adopt and promulgate rules and regulations requiring verification by the Department of Revenue (DOR) of addresses contained within the state's address-based boundary database, and requiring verification by the DOR of appropriate sales and use tax rates utilized on a sales and use tax or use tax return when online or remote transactions are included.

The bill adds subsection (8) to section 77-27,143 for the state to provide and maintain a database that assigns each 5-digit and 9-digit zip code within the state to the proper tax rates and jurisdictions in addition to the address-based boundary database required by subsection (6). Such zip code boundary database shall only be used as described in subsection (6). For purposes of the streamlined sales and use tax agreement, the zip code boundary database shall apply the lowest combined tax rate imposed in the zip code area if the area includes more than one tax rate in any level of taxing jurisdictions.

The bill also requires the state to relieve retailers and certified service providers using databases pursuant to subsection (6) from liability to the state and local jurisdictions for having charged and collected the incorrect amount of sales or use tax resulting from the retailer or certified service provider relying on erroneous data provided by a member state on tax rates, boundaries, or taxing jurisdictions and removes language that liability relief may be ceased after providing adequate notice.

The bill is operative on January 1, 2026.

The DOR estimates no impact on General Fund revenues as a result of the bill.

The DOR estimates a need for one-time programming costs of \$416,583 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe development. The DOR estimates a one-time cost of \$20,000 for changes to the Rates and Boundaries lookup file and an annual charge of \$800 for upkeep of the planned cost recovery model. Additionally, DOR estimates the need for 1.0 FTE Revenue Operations Clerk II starting January 1, 2026 and 1.0 FTE IT Business Systems Analyst-Coordinator for the first year 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: 269	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang		DATE: 2/20/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 269 appears reasonable.			

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 02/20/2025			
				Phone: 471-5896			
		FY 2025-2026		FY 2026-2027		FY 2027-2028	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$571,683	\$ 0		\$54,400	\$ 0	\$54,400	\$ 0
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$571,683	\$ 0		\$54,400	\$ 0	\$54,400	\$ 0

LB 269 requires that the state provides and maintains an address-based boundary database for assigning taxing jurisdictions and their associated tax rates. It removes duplicate wording in section 77-27,143(6) and (7) allowing sellers and CSPs to use the 5-digit zip code rate if the 9-digit zip code rate is not available or cannot be determined after due diligence to determine the 9-digit rate.

It eliminates the option for sellers and certified service providers (CSP) to use software approved by the Streamlined Sales Tax® Governing Board (SSTGB) to determine the 9-digit zip code designation from the street address and 5-digit zip code. SSTGB has not offered this option. Sellers would continue to use the database currently offered by the State. It also removes language that the SSTGB can allow the member state to require sellers that register under the agreement to use the address-based boundary database.

The bill requires rather than allow the state to provide and maintain an address-based boundary database for assigning taxing jurisdictions and their associates rates. It requires that the Department of Revenue (DOR) verify addresses in the state's address-based boundary database and verify that the appropriate sales and use tax rates were used on sales and use tax returns when online or remote transactions are included on the return. The Tax Commissioner must adopt and promulgate regulations requiring the DOR verification that online or remote sellers have used the appropriate sales and use tax rates.

The bill also requires the DOR to provide liability relief for errors resulting from the reliance of a seller/CSP on the address-based boundary database provided by the state by eliminating the option to cease providing liability relief after notifying the SSTGB.

LB 269 will require a one-time programming charge of \$416,583 paid to the OCIO for mainframe development costs. Also, changes to the Rates and Boundaries lookup file are estimated at \$20,000 in one-time GIS development costs. There will be an annual charge of \$800 for upkeep with the planned cost recovery model.

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>
S29112	Revenue Op Clerk II	0.5	1.0	1.0	\$19,500	\$40,300	\$40,300
A07082	Information Technology Business Systems Analyst/Coordinator	1.0	0.0	0.0	\$74,000	\$0	\$0
Benefits.....					\$30,800	\$13,300	\$13,300
Operating Costs.....					\$437,383	\$800	\$800
Travel.....							
Capital Outlay.....					\$10,000	\$0	\$0
Capital Improvements.....							
Total.....					\$571,683	\$54,400	\$54,400

The DOR will need 1.0 FTE Revenue Operations Clerk II beginning January 1, 2026. DOR will also need 1.0 FTE Information Technology Business Systems Analyst/Coordinator for the first year to implement the bill.

It is estimated that this bill will have no impact on General Fund revenues.

The operative date for this bill is January 1, 2026.