PREPARED BY: DATE PREPARED: PHONE: Keisha Patent January 31, 2020 402-471-0059

**LB 923** 

Revision: 02

## FISCAL NOTE

Revised to include revised agency response

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	20-21	FY 2021-22			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		See below		See below		
CASH FUNDS		See below		See below		
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		See below		See below		

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

LB 923 amends the Revenue Act of 1967 to exclude gross income received by an electric cooperative or an electric membership association for the lease or use of, or by a contractor for the construction of or services provided on, electric generation, transmission, distribution, or street lighting or facilities owned by the cooperative or electric membership association from the definition of gross receipts.

The bill is operative July 1, 2020.

## Revenue:

The Department of Revenue estimates revenue to the General Fund, the State Highway Capital Improvement Fund, and the Highway Allocation Fund as follows:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund		
2020-2021	(\$183,000)	(\$7,000)	(\$1,000)		
2021-2022	(\$189,000)	(\$8,000)	(\$1,000)		
2022-2023	(\$203,000)	(\$8,000)	(\$1,000)		
2023-2024	(\$213,000)	(\$9,000)	(\$2,000)		

Similarly to Laws 2019, LB 218, this bill proposes to exclude certain charges from sales tax, which has not been previously collected. As such, while the department's estimate of revenue loss represents an obligation, as determined by the department, the fiscal impact is potential foregone revenue. We have no basis to disagree with the department's estimate of this obligation. However, we determine that the specific amount is not included in the current revenue forecast and not shown as a specific General Fund or Cash Fund revenue loss.

## **Expenditures:**

The department estimates no cost to implement the bill. There is no basis to disagree with this estimate.

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	1/27/2020	
Approved by: Tony Fulton		Date Prepared: 1/31/2020		Phone: 471-5896			
FY 2020-202		2021	FY 2021-2022		FY 2022-2023		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$0	(\$183,000)	\$0	(\$189,000)	\$0	(\$203,000)	
Cash Funds		(\$7,000)		(\$8,000)		(\$8,000)	
Federal Funds							
Other Funds		(\$1,000)		(\$1,000)		(\$1,000)	
Total Funds	\$0	(\$191,000)	\$0	(\$198,000)	\$0	(\$212,000)	

Neb. Rev. Stat. § 2701.16(2) describes what is included in the gross receipts of persons engaged as a public utility, a community antenna television service operator, a satellite service operator and any person involved in connecting and installing telephone communication services and mobile telecommunication services. Neb. Rev. Stat. §2701.16(2)(e) includes gross income received from the provision, installation, construction, servicing or removal of property used in conjunction with the furnishing, installing, or connecting of any public utility service, community antenna television service or satellite service. LB 923 adds an exemption to the gross income defined in §2701.16(2)(e). As it relates to the gross income described §2701.16(2)(e), LB 923 exempts gross income received by an electric cooperative, electric membership association, or by a contractor for the construction of or services provided on; electric generation, transmission, distribution, or street lighting structures or facilities owned by a political subdivisions of the state; an electric cooperative; or an electric membership association. LB 923 becomes operative on July 1, 2020.

The estimated reduction to the General Fund revenues and other funds would be as follows:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund
2020-2021	\$183,000	\$7,000	\$1,000
2021-2022	\$189,000	\$8,000	\$1,000
2022-2023	\$203,000	\$8,000	\$1,000
2023-2024	\$213,000	\$9,000	\$2,000

It is estimated that there will be no cost to the Department to implement the bill.

Major Objects of Expenditure							
Class Code	Classification Title	20-21 <u>FTE</u>	21-22 <u>FTE</u>	22-23 <u>FTE</u>	20-21 Expenditures	21-22 Expenditures	22-23 Expenditures
Benefits	Benefits.						
Operating Costs	Operating Costs.						
Travel							
Capital Outlay							
	3						
Total			• • • • • • • • • • • • • • • • • • • •				