PREPARED BY: Keisha Patent DATE PREPARED: July 23, 2020 PHONE: 402-471-0059

LB 923

Revision: 03

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised due to adoption of amendments on General File

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

FY 2020-21

FY 2021-22

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	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.

As amended on General File, the bill is operative October 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	(\$133,000)	(\$5,000)	(\$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 have 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.

LB 923 AM 3150

Fiscal Note

		State Agency	Estimate			
State Agency Name: Department	t of Revenue				Date Due LFA:	
Approved by: Tony Fulton		Date Prepared:	7/24/2020		Phone: 471-5896	
	FY 2020-	-2021	FY 2021	-2022	FY 2022-	-2023
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$0	(\$133,000)	\$0	(\$189,000)	\$0	(\$203,000)
Cash Funds		(\$5,000)		(\$8,000)		(\$8,000)
Federal Funds						
Other Funds		(\$1,000)		(\$1,000)		(\$1,000)
Total Funds	\$0	(\$139,000)	\$0	(\$198,000)	\$0	(\$212,000)

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). 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 subdivision of the state; an electric cooperative; or an electric membership association. AM 3150 merely changes the operative date from July 1, 2020, to October 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	\$133,000	\$5,000	\$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
Operating Costs	Operating Costs						
Travel	Travel.						
Capital Outlay							
Capital Improvements							