PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza February 22, 2021 (402)471-0050

LB 595

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)									
FY 2021-22 FY 2022-23									
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS		(\$593,000)		(\$898,000)					
CASH FUNDS		(\$21,000)		(\$36,000)					
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS		(\$614,000)		(\$934,000)					

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

LB 595 seeks to exempt the gross receipts received from the sale, lease, or rental of and the storage, use, or other consumption in Nebraska of enzymes, yeast, and related products used in the process of manufacturing ethyl alcohol from sales and use taxes under the Nebraska Revenue Act of 1967.

LB 595 becomes operative October 1, 2021.

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

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	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund					
FY21-22	(\$593,000)	(\$21,000)	(\$4,000)					
FY22-23	(\$898,000)	(\$36,000)	(\$6,000)					
FY23-24	(\$907,000)	(\$37,000)	(\$6,000)					
FY24-25	(\$917,000)	(\$37,000)	(\$7,000)					

There is no basis to disagree with these estimates.

The Department of Revenue estimates no cost to the Department to implement LB 595.

ADMINIS	STRATIVE SERV	ICES STATE BUDGET DIVISION: REVIEW OF A	AGENCY & POLT. SUB. RESPONSE				
LB:595	AM:	AGENCY/POLT. SUB: Department of R	evenue				
REVIEWED BY:	Lee Will	DATE: 02/22/2021	PHONE: (402) 471-4175				
COMMENTS: The Department of Revenue's assessment of revenue loss to the General Fund and other noted cash funds seems							

LB 595 Fiscal Note 2021

State Agency Estimate								
State Agency Name: Department of	of Revenue				Date Due LFO:			
Approved by: Tony Fulton		2/19/2021	2/19/2021 Phone: 471-5896					
	FY 2021-	2022	FY 2022-2023		FY 2023-2024			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$0	(\$593,000)	\$0	(\$898,000)	\$0	(\$907,000)		
Cash Funds		(\$21,000)		(\$36,000)		(\$37,000)		
Federal Funds								
Other Funds		(\$4,000)		(\$6,000)		(\$6,000)		
Total Funds	\$0	(\$618,000)	\$0	(\$940,000)	\$0	(\$950,000)		

LB595 exempts gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of enzymes, yeast, and related products used in the process of manufacturing ethyl alcohol from sales and use taxes. The remaining provisions add this new section to the Nebraska Revenue Act of 1967 and harmonize provisions. This bill is operative on October 1, 2021.

Based on data from Department of Revenue (DOR), approximately \$4.5 million sales and use tax has been collected from ethyl alcohol manufacturing in 2019. Using the data from the Census Bureau, DOR estimates that enzymes, yeast, and related products account for approximately 20 percent of the total sales tax revenue from ethyl alcohol manufacturing. Based on this, DOR estimates the reduction in General Fund Revenues, State Highway Capital Improvement Fund and Highway Allocation Fund as follows:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund
2021-2022	\$593,000	\$21,000	\$4,000
2022-2023	\$898,000	\$36,000	\$6,000
2023-2024	\$907,000	\$37,000	\$6,000
2024-2025	\$917,000	\$37,000	\$7,000

It is estimated that there will be no costs to DOR to implement this bill.

Major Objects of Expenditure									
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures		
Operating Costs									
Travel	Travel								
Capital Outlay									
	ıts								

LB ⁽¹⁾	595						FISCAL NOTE
State Ag	gency OR Politica	al Subdivision Name: (2	05 S	upreme Court	t		
Prepare	ed by: (3) Eric	c Asboe	Dat	e Prepared: (4)	2/19/2021	Phone:	(5) 402-326-9215
		ESTIMATE PROV	IDED BY S	STATE AGENC	Y OR POLITICA	AL SUBDIVI	SION
		F	Y 2021-22			FY 20) <u>22-23</u>
		EXPENDITURI	E <u>S</u>	<u>REVENUE</u>	EXPEND	<u>ITURES</u>	REVENUE
GENER	RAL FUNDS						
CASH I	FUNDS						
FEDER	AL FUNDS		_		,		
OTHE	R FUNDS						
TOTAL	L FUNDS						
Explana	ation of Estima	te:					
-							
NO TISC	al impact.						
		BREAKDO	OWN BY M	AJOR OBJECTS	S OF EXPENDI	ΓURE	
Persona	al Services:						
	POSITION 7		NUMBER 21-22	OF POSITIONS 22-23	2021 <u>EXPEND</u>		2022-23 EXPENDITURES
							
				<u> </u>			
Benefit	s						
Operati	ing						
Travel.							
Capital	outlay						
Aid							
Capital	improvements						
TO'	TAI						

LB (1)	595									F	ISCAL I	NOTE
State Ag	gency OR P	Political Su	ubdivision Name: (2	Nebra	ska	Departn	nent o	f Trans	portation			
Prepare	ed by: (3)	Jeness	sa Boynton	Date	Date Prepared: (4)		2/18/2	2/18/2021 Phone:		e: (5)	402-479-46	691
		ES	STIMATE PROV	IDED BY S	TAT	E AGENO	Y OR	POLITIC	AL SUBDIV	VISION	1	
			<u>F</u>	Y 2021-22					FY s	2022-2	<u>23</u>	
			EXPENDITUR	<u>ES</u>	REV	<u>ENUE</u>	;	<u>EXPENI</u>	<u>OITURES</u>		REVEN	<u>UE</u>
GENE	RAL FUN	DS					-					
CASH I	FUNDS		See below		See	below	<u>.</u>	See	below		See bel	ow.
FEDER	AL FUNI	OS		<u> </u>								
OTHE	R FUNDS			<u> </u>				-				
TOTAL	L FUNDS											
Explana	ation of E	stimate:										
			this state of erative date is Oo		021.				ed in the p	oroces	s ot manuf	acturing
			, increase	FY2021/22 FY2022					FY:	2024/25	1	
State H	ighway Capi	tal Improv	ement Fund	,				\$36,000) (\$37,000			(\$37,000)	-
Highwa	y Allocation	Fund (citie	es and counties)	(\$4,	000)		(\$6,000	6,000) (\$6,000)			(\$7,000)	
Total				(\$25,	000)	(5	\$42,000)	(\$43,000)			(\$44,000)]
sales t	ax base o	will dive	ed tax revenue vert funds from the way Allocation of the BREAKDO	e State Hig	ghwa ties a	y Capital and coun	Impro ties.	vement	Fund unde			
Persona	al Services	5:		NUMBER (OF PO	OSITIONS	2	909	1-22		2022-2	9
	POSIT	ION TIT	LE	21-22	Jr r (22-23	,		DITURES]	EXPENDIT	
										_		
Benefit	s				_					_		
Operati	ing									_		
Travel.										_		
Capital	outlay									_		
Aid										_		
Capital	improven	nents								_		

LB ⁽¹⁾ 595						FISCAL NOTE
State Agency OR I	Political Subdivision Name: (Nebras	ka Associa	tion of County	Officials (N/	ACO)
Prepared by: (3)	Elaine Menzel	Date 1	Prepared: (4)	1/22/2021	Phone: (5)	402.434.5660
	ESTIMATE PRO	VIDED BY ST	ATE AGENC	Y OR POLITICA	AL SUBDIVISIO	ON
	<u>EXPENDITUR</u>	FY 2021-22 RES <u>F</u>	<u>REVENUE</u>	EXPENDI	<u>FY 2022</u> TURES	<u>-23</u> <u>REVENUE</u>
GENERAL FUN	DS					
CASH FUNDS						
FEDERAL FUNI	DS					
OTHER FUNDS						
TOTAL FUNDS						
Explanation of E	stimate:					
rental of and the in the process of the process of the counties of the described above. Dakota County added to the strimposes a loca Gage County. It County. This Gounty are only	provide for an exemption of storage, use, or other of manufacturing ethylogocounties impose a consectaxes described presimpose a county sales re. and Gage County each attended for sales maded to the state and age County municipality subject to the state reserved.	er consumption alcohol. Sounty sales and viously when tax, they wo the impose a take in Dakota Ce. The Gage and any local try rate reflects ate of 5.5% and all the consumptions are sales and any local try rate reflects ate of 5.5% and any local try rate reflects ate of 5.5% and any local try rate reflects ate of 5.5% and any local try rate reflects at the consumptions are consumptions.	on in this state and use tax. In an area of uld be prohibe ax rate of 0.5 county when a County rate I sales and us the state, le	te of enzymes, your factor of LB 595 were outside a municipited from collective. The Dakota the location is conf 0.5% is imposed ocal, and county	enacted, those pality. Furthe cting sales and a County rate coutside of a month of the county or view of the county at a county or view of the county of the county tax. All other	e counties would be r, if additional d use taxes as of 0.5% is only unicipality that kable transactions is illage in Gage r areas in Gage
	BREAKD	OWN BY MA	JOR OBJECT	S OF EXPENDIT	 ΓURE	
Personal Services						2022 22
POSIT	TION TITLE	21-22	F POSITIONS <u>22-23</u>	5 2021 <u>EXPEND</u>		2022-23 EXPENDITURES
Benefits						
Operating						
-						
Capital improven	nents					