

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2024-25 | | FY 2025-26 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | See Below | See Below | See Below | See Below |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | See Below | See Below | See Below | See Below |

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

LB68 would create the Aid to Municipalities Act which would be administered by the Nebraska Department of Economic Development (DED). This act would provide state-aid to municipalities for infrastructure projects such as:

- 1) Solid waste management facilities;
- 2) Waste, storm, and water treatment plants;
- 3) Water distribution facilities;
- 4) Hazardous waste disposal systems;
- 5) Resource recovery systems;
- 6) Airports/Port facilities;
- 7) Buildings/capital equipment used by municipalities to provide constituent services;
- 8) Convention/tourism facilities; and
- 9) Mass transit/parking facilities, etc.

The grant funds are to be used exclusively for:

- 1) The acquisition, construction, and equipping of infrastructure projects; or
- 2) Paying the principal, interest, premiums, and costs of the issuance on bonds which had been issued by the municipality for infrastructure projects.

LB68 would establish the Aid to Municipalities Fund, consisting of money from Legislative transfers, gifts, grants, or bequests from any source. This fund shall be used to pay grants for approved municipality applicants, with a cap of ten million dollars per approved grant. The DED would manage this fund, review the applicants, and award the grants.

Additionally, LB68 would set the minimum average wholesale price of gasoline at \$2.75 per gallon, beginning on and after January 1, 2025. This average wholesale price is used on April 1st and October 1st each year in the calculation process of the wholesale gas tax charged per gallon. This bill would set a requirement that 25% of the fuel tax proceeds would be credited to the new Aid to Municipalities Fund, with the remaining 75% to the Nebraska Department of Transportation (NDOT) Highway Trust Fund. The bill would require NDOT to spend at least 35 percent on paying for surface transportation projects, as defined by 39-2702 (Build Nebraska Act), that have been identified by NDOT to be the highest priority.

Expenditures:

If the DED were to award a grant of \$10,000,000 in Cash Funds in both FY24/25 and again in FY25/26, there would be Cash Fund expenditure in each fiscal year. The DED would need a Cash Fund appropriation for these expenditures.

Revenues:

The minimum average wholesale price of gasoline, is one component used in the calculation of Nebraska’s gas tax rate per gallon. This average wholesale price of gasoline is calculated twice yearly, on April 1st and October 1st, utilizing the average wholesale prices from the previous six-month period. This price, multiplied by 5%, is used in the setting of the gas tax. Setting the minimum average wholesale price of gasoline at \$2.75 per gallon, would be higher than the currently set rates the last six months (January – June 2024) average wholesale price was \$2.49 per gallon; and the next six months (July – December 2024) was \$2.66 per gallon.

The Nebraska Department of Environment and Energy has indicated no fiscal impact. There is no basis to disagree with this estimation.

Due to time constraints, neither the Nebraska Department of Economic Development, nor NDOT was able to provide a timely estimate to meet the deadline for publishing the fiscal note prior to the hearing. This fiscal note will be revised to include any additional information received.

The requirement to spend at least 35% of wholesale tax proceeds on surface transportation projects could jeopardize federal funding.

NDOT would see a decrease in revenue if the wholesale tax is set at the new minimum under the bill \$2.75 per gallon. This is due to 25% being credited to the Aid to Municipalities Fund. If the tax rate is \$2.75 per gallon, NDOT would receive the equivalent of \$2.06 per gallon. To maintain the funding to NDOT at the current level, \$2.66 per gallon, the wholesale tax rate would need to be set at \$3.55 per gallon. The DED would also receive an increase in revenue to the Aid to Municipalities Fund from the gas tax, however this amount is indeterminate at this time.

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 68

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Environment and Energy

Prepared by: ⁽³⁾ Kevin Stoner Date Prepared: ⁽⁴⁾ July 29, 2024 Phone: ⁽⁵⁾ 402 471-2186

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |