

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$26,726,333)		(\$30,613,000)
CASH FUNDS		(\$901,667)		(\$1,239,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$27,628,000)		(\$31,852,000)

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

LB 694 would expand the sales and use tax exemption for manufacturing machinery and equipment by adding machinery and equipment used to produce broadband communications services as a part of the exemption.

The Department of Revenue (DOR) estimates the following fiscal impact as a result of this bill:

Fiscal Year	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund
FY23-24	(\$26,726,333)	(\$901,667)	(\$159,167)
FY24-25	(\$30,613,000)	(\$1,239,000)	(\$219,000)
FY25-26	(\$32,144,000)	(\$1,301,000)	(\$230,000)
FY26-27	(\$33,751,000)	(\$1,366,000)	(\$241,000)

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund, which is distributed to cities and counties.

The DOR estimates minimal costs to implement the bill.

The estimates from the Department of Transportation are from the DOR.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 694	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 694.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 694	AM:	AGENCY/POLT. SUB: Department of Transportation
REVIEWED BY: Neil Sullivan	DATE: 3/21/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Transportation assessment of fiscal impact from LB 694.		

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2023

LB⁽¹⁾ 694

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Transportation

Prepared by: ⁽³⁾ Liza Alderman Date Prepared: ⁽⁴⁾ 3/17/23 Phone: ⁽⁵⁾ 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(901,667)	_____	(1,239,000)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(159,167)	_____	(219,000)
TOTAL FUNDS	=====	(1,060,834)	=====	(1,458,000)

Explanation of Estimate:

LB 694 proposes updates to the definition of manufacturing machinery and equipment to include machinery or equipment used to produce broadband communications services. The bill further defines the products included and not included as machinery and equipment for broadband communications services. In addition, broadband communications service is defined as telecommunications services as defined in section 77-2703.04, video programming as defined in 47 U.S.C 522, as such section existed on January 1, 2023, or Internet access as defined in section 1104 of the Internet Tax Freedom Act, Public Law 105-277.

Revenue to Build Nebraska Act Funds				
	FY2023/24	FY2024/25	FY2025/26	FY2026/27
State Highway Capital Improvement Fund	\$ (901,667)	\$ (1,239,000)	\$ (1,301,000)	\$ (1,366,000)
Highway Allocation Fund (cities and counties)	\$ (159,167)	\$ (219,000)	\$ (230,000)	\$ (241,000)
Total	\$ (1,060,834)	\$ (1,458,000)	\$ (1,531,000)	\$ (1,607,000)

This estimate of decreased tax revenue was obtained from the Nebraska Department of Revenue. The change in the sales tax base will reduce revenues to the Build Nebraska Act funds resulting in less available funding to the State Highway Capital Improvement Fund for NDOT and the Highway Allocation Fund for cities and counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____