

Revised per AM1152 and AM1396

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	\$560,996	(\$33,025,000)	\$282,610	(\$49,223,000)
CASH FUNDS	\$2,992,400	\$4,539,681	\$3,366,700	\$4,769,723
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$3,553,396	(\$28,485,319)	\$3,649,310	(\$44,453,277)

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

LB 727 was amended by AM1152 on General File. AM1152 contains a modified version of the original provisions of LB 727 as well as additional provisions from other bills. AM1396 was also adopted on General file and amends AM1152 by making changes to provisions of bills put into AM1152 while also adding provisions of additional bills. Each amendment is discussed separately below.

AM1152

Incorporates Provisions of LB 180 with Modifications

This aspect of the amendment seeks to establish the Nebraska Biodiesel Tax Credit Act (Act). A taxpayer who is a retail dealer and who sold and dispensed biodiesel on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel site would be eligible to receive tax credits under the Act. The refundable tax credit would be in an amount equal to \$0.14 multiplied by the total number of gallons of biodiesel sold by the taxpayer on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel site. The tax credit could be used against any income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed pursuant to sections 77-907 to 77-918 or 77-3801 to 77-3807.

The tax credits under this Act could be claimed for taxable years beginning on or after January 1, 2024. To receive the tax credits, the taxpayer would need to submit an application to the Department of Revenue (DOR). The DOR could approve up to \$5 million in tax credits in any calendar year. No new applications could be filed under the Act after December 31, 2028.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

Incorporates Provisions of LB 692 with Modifications

This aspect of the amendment seeks to adopt the Good Life Transformational Projects Act (Act). Under the Act, applications for good life districts with eligible projects could seek approval by applying to the Department of Economic Development (DED). Applications would be accepted through December 31, 2024. The district would last for 25 years and could not exceed 2,000 acres in size. Upon establishment of a good life district, any transactions occurring with the district would be subject to a reduced state sales tax rate of 2.75%.

The estimated fiscal impact via the Department of Revenue (DOR) as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

In addition, the Department of Economic Development (DED) estimates a need for an Economist to develop the program, determine whether the applicant qualifies, and monitor the progress of investment.

TECHNICAL NOTE: The DOR notes that this aspect of the amendment violates Section 308.A of the Streamlined Sales and Use Tax Agreement (SSUTA) which requires that the state has only one state sales tax rate.

Incorporates Provisions of LB 797 with Modifications

This aspect of the amendment seeks to amend provisions in the Convention Center Facility Financing Assistance Act (Act). It would increase the source of sales tax revenue to include nearby retailers. Nearby retailers would be ones located within 600 yards of an eligible facility.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the tables following the discussion of the amendments in the table row labeled "Convention Center" regarding the change to nearby retailers.

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund (part of the totals in the table after the discussion of the amendments), which is distributed to cities and counties.

Political subdivisions could see an increase in tax revenue as a result of the additional sales tax radius now at 600 yards.

Incorporates Provisions of LB 732

This aspect of the amendment would change section 13-2612 to allow for applications for assistance under the Convention Center Facility Financing Assistance Act through December 31, 2030. Current statute allows for applications until December 31, 2012.

The DOR estimates that the extension of application acceptance and changes to the Convention Center Facility Financing Facility Assistance Act would result in potentially a significant General Fund revenue loss due to any additional approved projects under the Act. Similarly, Cash Fund expenditures would increase for any new projects. Cash Funds are distributed through the State Treasurer for qualifying projects.

Incorporates Provisions of LB 706 with Modifications

This aspect of the amendment authorizes the Nebraska State Highway Commission, new authority beginning July 1, 2023, to act on the recommendation of the Department of Transportation, and authorize the issuance of bonds under the Nebraska Highway Bond Act. The Nebraska State Highway Commission, upon the recommendation of the Nebraska Department of Transportation (NDOT) could issue up to \$450 million in bond principal with limits to the annual debt service payments of \$35 million. No bonds could be issued after June 30, 2029 except for refunding bonds, issued in accordance with the Nebraska Highway Bond Act. Any proceeds from the sale of the bonds would be deposited into the State Highway Capital Improvement Fund for use pursuant to the Build Nebraska Act. All bonds would need to be repaid by June 30, 2042.

The bonds issued would be special obligations of the state payable from the State Highway Capital Improvement Fund and any other funds specifically pledged by the Commission. The bonds, and the transfer of and the income from any such bonds, would be exempt from all taxation and assessments in the state. Also, in the resolution authorizing the bonds, the Commission could waive the exemption from federal income taxation for interest on the bonds.

Money credited to the State Highway Capital Improvement Fund pursuant to section 77-27,132 would first be used for the repayment of the bonds. Funds remaining after repaying the bonds would then be split with at least 25% being utilized for construction of either the expressway system and federally designated high priority corridors. The money remaining would be used to pay for surface transportation projects of the highest priority.

The proceeds of the bonds issued would be credited to the State Highway Capital Improvement Fund with at least 75% of the proceeds from the bonds used for construction of the expressway system and federally designated high priority corridors and the remaining proceeds used to pay for surface transportation projects of the highest priority.

The NDOT indicates that any fiscal impact to NDOT would be contingent upon whether bonds would be issued and the timing of the projects. Costs of the bond issuance, such as financial advisor, bond counsel and rating agency fees, are anticipated and would vary based on if the bond issuance occurred in one or more series. In addition, NDOT's fiscal note includes this technical note below:

With respect to the fund in which the bond proceeds should be deposited, the State Highway Capital Improvement Fund was created and designated to be used under the Build Nebraska Act. Under current law, sales tax revenues credited to the State Highway Capital Improvement Fund will terminate on June 30, 2033. Since Article XIII, Section 1 of the Nebraska Constitution requires that only state revenues closely related to the use of the highways may be pledged for the repayment of highway bonds, the State Highway Capital Improvement Fund and its general sales and use tax revenue, would not be authorized to repay highway bonds.

Incorporates Provisions of LB 165

This aspect of the amendment seeks to make changes so that for the Nebraska education savings plans qualified higher education expenses are changed in name to qualified education expenses. This aspect of the amendment would then change the definition of the mentioned term to include expenses for tuition in connection with enrollment or attendance at an elementary or secondary school with a limit of \$10,000 per beneficiary per taxable year.

Under this aspect of the amendment, Federal adjusted gross income (FAGI), or federal taxable income, would be reduced to the extent included, by income from interest, earnings, and state contributions received from the Nebraska educational savings plan trust.

This aspect of the amendment would replace the word College with Education for the College Savings Plan Program Fund, the College Savings Plan Expense Fund, and the College Savings Plan Administrative Fund.

The bill would make changes so that assets in or income from an educational savings account, a Coverdell educational savings account described in 26 U.S.C. 530, a qualified tuition program established pursuant to 26 U.S.C. 529, or any similar savings account or plan established to save for qualified education expenses as defined in this aspect of the amendment would not be included as assets or income to determine eligibility for the program for aid to dependent children pursuant to section 43-512 as administered by the state pursuant to the federal Temporary Assistance for Needy Families program, for the low-income home energy assistance program administered by the state pursuant to the federal Energy Policy Act of 2005, for the Supplemental Nutrition Assistance Program administered by the state pursuant to the federal Food and Nutrition Act of 2008, and for the child care subsidy program established pursuant to section 68-1202.

This aspect of the amendment would also remove distributions from an account to pay the costs of attending kindergarten through 12th grade as a nonqualified withdrawal.

This aspect of the amendment would make changes so that all money in the Department of Revenue Miscellaneous Receipt Fund would only be used to defray the cost of production of the publications listed in section 77-3,109 or of the listings described in section 77-3,118 and to carry out any administrative responsibilities of the department.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

Incorporates Provisions of LB 580 with Modifications

This aspect of the amendment seeks to remove the requirement that for special valuation of agricultural or horticultural land the land needs to be outside the corporate boundaries of any sanitary and improvement district, city, or village starting January 1, 2023. This aspect of the amendment also adds the requirement to qualify for special valuation that the agricultural or horticultural land must consist of five acres or more.

There is estimated to be no state fiscal impact as a result of this aspect of the amendment.

Political subdivisions could experience a revenue loss if agricultural or horticultural land would be taxed at special valuation levels inside the stated boundaries while possibly some revenue gain from agricultural or horticultural land of less than 5 acres not receiving special valuation.

Incorporates Provisions of LB 704

This aspect of the amendment changes provisions of the Achieving a Better Life Experience (ABLE) program.

New language would require that if the balance of an account on the date of death is less than or equal to \$5,000, the account owner or personal representative of the designated beneficiary could have the balance distributed to an individual or individuals specified by the designated beneficiary, the account owner, or the personal representative of the designated beneficiary.

The State Treasurer estimates no fiscal impact. There is no basis to disagree with this estimate.

Incorporates Provisions of LB 300

This aspect of the amendment seeks to make nonprofit organizations certified or contracted by a regional behavioral health authority or the Division of Behavioral Health of the Department of Health and Human Services to provide community-based mental health or substance use services exempt from sales and use taxes.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the tables following the discussion of the amendments.

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund (part of the totals in the table after the discussion of the amendments), which is distributed to cities and counties.

Incorporates Provisions of LB 727 with Modifications

This aspect of the amendment seeks to change provisions for sales and use tax exemptions. Language would be changed so that if a nonprofit corporation will be making purchases under a lease-purchase agreement, financing lease, or other instrument as part of a project with total estimated cost that exceeds the threshold amount, then such purchases qualify for an exemption only if the question of proceeding with such project has been submitted at a primary, general, or special election held within the governmental unit that will be a party to the lease-purchase agreement, financing lease, or other instrument and has been approved by the voters of such governmental unit or the governmental unit's expenditure towards the project is paid in whole or in part with redevelopment bonds.

The DOR estimates no impact to General Fund revenues from this bill.

Incorporates Provisions of LB 96 with Modifications

This aspect of the amendment would add baling wire and twine purchased for use in commercial agriculture as exempt from sales and use taxes. The definition of net wrap is changed to be plastic wrap used in the baling of livestock feed or bedding.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the tables following the discussion of the amendments.

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund (part of the totals in the table after the discussion of the amendments), which is distributed to cities and counties.

Incorporates Provisions of LB 74

This aspect of the amendment would change provisions connected to sales and use taxes to allow buyer-based tax exemptions for purchases made by a construction contractor that is appointed as a purchasing agent on qualified materials for construction projects.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the tables following the discussion of the amendments.

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund (part of the totals in the table after the discussion of the amendments), which is distributed to cities and counties.

Incorporates Provisions of LB 384

This aspect of the amendment would make changes so that all proceeds of sales and use taxes imposed pursuant to section 77-2703 on the sale or lease of aircraft as defined in section 3-101, for transactions occurring on or after July 1, 2023, would be credited to a newly created Nebraska Department of Transportation Aeronautics Capital Improvement Fund pursuant to 77-27,132. In addition, transfers authorized by the Legislature, and any gifts, grants, bequests, or donations could also be held in this Fund. The Fund would be utilized to build, repair, renovate, rehabilitate, restore, modify, or improve infrastructure at any public-use airport licensed by the Nebraska Department of Transportation Division of Aeronautics.

This aspect of the amendment also extends the sunset date for the sales tax rate of 0.25% that is credited 85% to the State Highway Capital Improvement Fund and 15% to the Highway Allocation Fund from July 1, 2033 to July 1, 2042.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the tables following the discussion of the amendments with a decrease in General Fund revenue and an increase in revenue to the Aeronautics Capital Improvement Fund.

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund (part of the totals in the table after the discussion of the amendments), which is distributed to cities and counties.

Incorporates Provisions of LB 118

This aspect of the amendment seeks to make changes to the Nebraska Advantage Rural Development Act (Act). The fee for applications filed for an agreement with the Tax Commissioner would be changed from the current \$500 fee. The application fee would then be the following:

- \$100 for an investment amount of less than \$25,000
- \$250 for an investment amount of at least \$25,000 but less than \$50,000
- \$500 for an investment amount of \$50,000 or more

This aspect of the amendment also seeks to change requirements for the refundable credit in the Act so that the credit would be allowed to any taxpayer who has an approved application pursuant to the Act, is engaged in livestock production, and invests at least \$50,000 for livestock modernization or expansion for applications filed before January 1, 2024, or at least \$10,000 for livestock modernization or expansion for applications filed on or after January 1, 2024.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

The fiscal impact from changes in application fees is estimated to be minimal.

Incorporates Provisions of LB 697 with Modifications

This aspect of the amendment seeks to amend provisions of the Nebraska Job Creation and Mainstreet Revitalization Act (Act). Historically significant real property is redefined to include at-grade or above ground structures. Improvement is redefined to include projects with a total cost which equal or exceed \$5,000.

This aspect of the amendment also seeks to change the amount of nonrefundable credits being equal to 20% of eligible expenditures up to a maximum credit of \$1 million to the following:

- For historically significant real property located in a county that includes a city of the metropolitan class or a city of the primary class, the credit would be equal to 25% of eligible expenditures.
- For historically significant real property located in any other county, the credit would be equal to 30% of eligible expenditures.
- In all cases, the maximum credit allocated to any one project would be \$2 million.

This aspect of the amendment changes the total amount of credits that can be allocated per calendar year, starting January 1, 2024, to \$12 million, from the current \$15 million, while maintaining that \$4 million dollars would need to be reserved for applications seeking an allocation of credits of less than \$100,000.

This aspect of the amendment adds engineering fees and any costs generally related to the protection of the historically significant real property from deterioration to eligible expenditures that could be incurred up to 6 months prior to the submission of the application for credits.

This aspect of the amendment adds that the report regarding the Act by the Nebraska State Historical Society and the DOR would need to be issued to the Revenue Committee of the Legislature no later than December 31 of each year.

This aspect of the amendment extends the deadline for new applications under the Act from December 31, 2022, to December 31, 2030. All applications and all credits pending or approved before such date would continue in full force and effect, except that no credits would be allocated under section 77-2905, issued under section 77-2906, or used on any tax return or similar filing after December 31, 2035. This extends the deadline to allocate credits from December 31, 2027.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

The Nebraska State Historical Society estimates no fiscal impact to it as a result of this aspect of the amendment. There is no basis to disagree with this estimate.

Incorporates Provisions of LB 584 with Modifications

LB 584 seeks to impose a tax on electronic nicotine delivery systems at a rate of \$0.05 per milliliter of consumable material and a proportionate tax at the like rate on all fractional parts of a milliliter for electronic nicotine delivery systems containing 3 milliliters or less of consumable material. The tax on electronic nicotine delivery systems containing more than 3 milliliters of consumable material would be 10% of the purchase price of the electronic nicotine delivery system paid by the first owner or the price at which the first owner who made, manufactured, or fabricated the electronic nicotine delivery system sells the item to others.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments connected to increase to the Tobacco Products Administration Cash Fund as a result of this aspect of the amendment.

Incorporates Provisions of LB 491

This aspect of the amendment makes changes to the tax credits under the Nebraska Advantage Research and Development Act (Act). This aspect of the amendment changes the date for when a business firm is allowed to first claim the credit for any tax year beginning or deemed to begin after December 31, 2022 to December 31, 2033.

This aspect of the amendment also adds and amends language for business firms which make expenditures in research and experimental activities as defined in section 174 of the Internal Revenue Code of 1986, as amended, and are allowed a research tax credit under the Act so that for all tax years of a taxpayer which are open for assessment or filing a refund claim, for which a refund claim, including a refund request in an income tax return, concerning this credit has been filed but not yet paid, or for which the Tax Commissioner has issued a notice of proposed assessment of a deficiency, which is not yet final, concerning this credit, the credit is to be allowed for the first tax year it is claimed and for each tax year following. This same amending of and addition of language is placed into the Act for the more specific category of business firms that make expenditures in research and experimental activities as defined in section 174 of the Internal Revenue Code of 1986, as amended, on the campus of a college or university in this state or at a facility owned by a college or university in this state.

This aspect of the amendment seeks to change subsection (1) of section 77-5808 where the Tax Commissioner is not to approve or grant to any person any tax incentive under the Act unless the taxpayer provides evidence satisfactory to the Tax Commissioner that the taxpayer electronically verified the work eligibility status of newly hired employees employed in Nebraska. That provision currently does not apply to any credit claimed before the 2009 taxable year. Under this aspect of the amendment, the provision would apply for taxable years 2009 through 2022 except for the tax year or years for which the taxpayer elects to apply subsection (2) of section 77-5808 discussed below.

Subsection (2) of section 77-5808 from the amendment would be added to statute under the Act and would apply for the 2023 taxable year and after, and, if the taxpayer so elects, tax year or tax years 2009 through 2022. This new language would add that when calculating the research tax credited under the Act, the qualified research expenses claimed in computing the federal credit allowed under section 41 of the Internal Revenue Code of 1986, as amended, would be adjusted to the extent the taxpayer includes, in such qualified research expenses, compensation paid to an employee of such taxpayer hired during or after the first tax year for which the Act credit is claimed by such firm and to the extent such compensation is subject to the Nebraska income tax. Such compensation, for the tax year in which the credit is being claimed, would be deducted from the taxpayer's qualified research expenses unless such employee was verified as eligible to work in the United States using the federal E-Verify system within 90 days after the date of hire of such employee or such longer period as may be permitted under the rules of the federal E-Verify system.

Finally, this aspect of the amendment adds that the taxpayer can make the elections from subsections 1 and 2 of section 77-5808 for taxable years 2009 through 2022, which is open for assessment or filing a refund claim, for which a refund claim, including a refund request in an income tax return, concerning the research tax credit has been filed but not yet paid, or for which the Tax Commissioner has issued a notice of proposed assessment of a deficiency, which is not yet final, concerning such credit. When made, the elections would apply for the tax year or tax years for which they are made.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

Incorporates Provisions of LB 344

This aspect of the amendment seeks to change the definitions of community college taxes and school district taxes under the Nebraska Property Tax Incentive Act to exclude any property taxes that, as of the time of payment, were delinquent for five years or more.

The DOR estimates minimal impact to General Fund revenues from this bill. There is no basis to disagree with these estimates by the DOR.

The Nebraska Association of County Officials (NACO) estimates minimal fiscal impact. There is no basis to disagree with this estimate.

Incorporates Provisions of LB 100

This aspect of the amendment seeks to make changes to section 77-6818, under the ImagiNE Nebraska Act (Act). Subsection (1)(u) would be added to make waste treatment and disposal, under NAICS code 5622, an eligible activity for purposes of incentives under the Act.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

The Department of Economic Development estimates that it could absorb any additional costs as a result of this aspect of the amendment with current resources. There is no basis to disagree with this estimate.

Cities and villages could see a loss in revenues as a result of any local sales tax refunds for taxpayers as a result of the bill.

Incorporates Provisions of LB 495

This aspect of the amendment adds language to the definition of nonqualified withdrawals under the Nebraska Educational Savings Plan. The new language specifies that distributions from an account "to the extent it does not constitute a rollover to a Roth individual retirement account as permitted by section 529 of the Internal Revenue Code" are nonqualified withdrawals.

There is no fiscal impact from this aspect of the amendment.

Incorporates Provisions of LB 213 with Modifications

This aspect of the amendment would make changes to the matching requirements for workforce housing grant funds. Under this aspect of the amendment, applicants would provide matching funds of at least 25% of the amount of workforce housing grant funds awarded instead of the current 50%.

The Nebraska Department of Economic Development estimates no fiscal impact from this aspect of the amendment. There is no basis to disagree with this estimate.

Incorporates Provisions of LB 407

This aspect of the amendment extends the sunset on the Nebraska Transformational Projects Act.

There is no fiscal impact from this change.

Incorporates Provisions of LB 447

This aspect of the amendment provides for a reduction to federal adjusted gross income (FAGI). Beginning in tax year 2023, any retired individual 60 years of age or older as of the end of the taxable year with at least 20 years of full-time service as a firefighter may reduce their FAGI by the amount of health insurance premiums paid in the tax year, to the extent the premiums were not already deducted in determining the individual's FAGI.

Additionally, this aspect of the amendment would change the name of the Law Enforcement Education Act to the First Responder Recruitment and Retention Act (Act). Under this new Act, more individuals, in addition to law enforcement officers, would now be eligible for a 100% waiver of tuition to any state university, state college, or community college for up to five years. Additional individuals that could qualify under the Act would include:

- Legal dependents of law enforcement officers
- Professional firefighters
- Legal dependents of professional firefighters

This aspect of the amendment would make changes so that a law enforcement officer applying for a waiver after the effective date of the Act would file with the DOR documentation showing proof of employment as a law enforcement officer and proof of residence in Nebraska each year the officer or officer's legal dependent applies for and receives the tuition waiver. This same process is also to apply to firefighters and their legal dependents.

The estimated fiscal impact to General Fund revenue due to the ability to reduce FAGI under this aspect of the amendment is shown in the table following the discussion of the amendments.

Increasing who is eligible for the tuition waiver is estimated by the University of Nebraska System and State College System to result in a reduction in Cash Fund revenue. The State is not required to reimburse the University of Nebraska and State College Systems for lost tuition revenue under this bill.

An estimate is prepared below for the revenue reduction estimated for the University of Nebraska System and State College System based on statistics and assumptions provided by the University of Nebraska System and also based on information from the State College System. The estimate of 4,141 law enforcement officers in the state was utilized in the estimate below as a total of the 3,832 full-time officers and 309 part-time officers. The number of firefighters estimated to be utilizing the tuition waivers through the State College System for the biennium has been divided by two so that an equal number of firefighters plan to utilize the tuition waiver each year. The estimate of \$15,000 has been added to the University of Nebraska System totals below to account for their estimate of revenue reduction as a result of firefighters utilizing the tuition waiver. The revenue reduction for the State College System increases each year due to a projected 3% increase in tuition per year creating a rate of \$192 per credit hour for FY24 and \$197 for FY25 for full-time students and a rate of \$308 per credit hour for FY24 and \$317 for FY25 for online students.

	State College System	University of NE System
Number of Professional Firefighters in NE	1491	See Narrative
Number of Law Enforcement Officers in NE	4141	
Total	5632	
Assume 1% will go to college (Firefighter Addition)	15	
Total First Responders	5632	5632
Estimated First Responders with Children (40%)	2253	2253
Estimated Dependents (*1.94)	4370	4370
Estimated Dependents aged 12-17 (*.34)	1486	1486
Estimated Dependents aged 16-17 (divide by 3)	495	495
Estimated # go to college (*.67)	332	332
Estimated Enrollment of Dependents (*.092;*.37)	31	123
Estimated Additional First Responder Enrollment- Firefighters (*.092)	1	See Narrative
Total Estimated Enrollment	32	123
Full-time Students	31	82
Student Credit Hours (SCHs) Per Year	30	30
Total SCHs taken	930	2468
Base SCH Tuition Rate	\$ 192.00	\$ 259.00
Total Cost for Full-time students	\$ 178,560	\$ 639,226
Total Estimated Enrollment	32	123
Firefighters; Part-time Students (33%)	1	41
Student Credit Hours (SCHs) Per Year	12	12
Total SCHs taken	12	486
Base SCH Tuition Rate	\$ 308.00	\$ 259.00
Total Cost for Firefighters; Part-Time Students	\$ 3,696	\$ 125,937
Total Estimated Revenue Reduction from Tuition Waivers-FY24	\$ 182,256	\$ 765,163
Total Estimated Revenue Reduction from Tuition Waivers-FY25	\$ 187,014	\$ 765,163

We assume there will be reductions in tuition revenue at community colleges, too. As community colleges are political subdivisions, any revenue changes to those entities are not reflected in the chart at the top of the fiscal note.

AM1396

Further Modifies Provisions of LB 732

This aspect of the amendment seeks to make changes to what constitutes an associated hotel and nearby retailer under the Convention Center Facility Financing Assistance Act so that if an eligible facility is within 600 yards of the State Capitol, the area used in determining associated hotels and nearby retailers shall be one or more areas selected by the applicant which aggregate the same total amount of square footage that such area would have contained had the eligible facility not been within 600 yards of the State Capitol. It is also added that the area used in determining associated hotels and nearby retailers is to be depicted on a map.

This aspect of the amendment would change that any political subdivision that has acquired, constructed, improved, or equipped or has approved a bond issue to acquire, construct, improve, or equip eligible facilities could apply to the board for state assistance, removing that it would have to be a general obligation bond issue. The state assistance could be used to pay back amounts expended or borrowed through one or more issues of bonds to be expended by the political subdivision to acquire, construct, improve, repair, replace, and equip any eligible facilities until repayment in full of the amounts expended or borrowed by the political subdivision, including the principal of and interest on bonds, for all of its eligible facilities, to pay for capital improvements to any eligible facilities, and to acquire, construct, improve, repair, replace, and equip nearby parking facilities.

The fiscal impact of this aspect of the amendment connected to nearby retailers is shown in the tables following the discussion of the amendments in the table row labeled "Convention Center."

Regarding provisions in LB 727 connected to the Convention Center Facility Financing Assistance Act, besides the fiscal impact noted regarding nearby retailers, there is potentially a significant reduction in state sales tax revenue depending on future qualifying projects.

Incorporates Provisions of LB 622 with Modifications

This aspect of the amendment seeks to make changes to the Civic and Community Center Financing Act so that the Department of Economic Development could award grants of assistance to qualifying municipalities who partner with a certified creative district in amounts set by the Nebraska Arts Council, which could not be less than \$100,000.

This aspect of the amendment also expands the use of the Support the Arts Cash Fund for cities of the second class and villages.

There is no fiscal impact from this change but may affect the distribution of funds.

Incorporates Provisions of LB 623 with Modifications

This aspect of the amendment seeks to make changes to the Sports Arena Facility Financing Assistance Act. The meaning of applicant would be changed to mean a political subdivision with the definition of political subdivision changing. The term concert venue would be added with a definition for the term. The definition of eligible sports arena facility would be changed to remove nearby parking facilities for the use of the eligible sports arena facility. Racetrack enclosures and sports complexes would need to be publicly owned to be eligible. Privately owned concert venues would also become eligible. The definition of nearby parking facility would also be changed. Under this aspect of the amendment, state assistance received could be approved for no more than 10 years of funding for promotion of the arts and cultural events.

The DOR estimates regarding sought changes to the Sports Arena Facility Financing Assistance Act that the changes would result in potentially a significant General Fund revenue loss due to any additional projects under the Act. We can reasonably estimate that one project will occur from these changes starting in FY 23-24. Based on our estimates of the scale of the project compared to the size of Ralston Arena under the Act, we would anticipate General Fund revenue reductions of roughly \$1 million each year.

Incorporates Provisions of LB 529 with Modifications

LB 529 seeks to make the following changes to the Property Tax Request Act:

- The bill would exclude the amount to be levied for the payment of principal or interest on bonds issued or authorized to be issued by a school district from the definition of property tax request.
- The bill would add that at least one elected official from each participating political subdivision would be required to attend the joint public hearing required for each political subdivision within a county that seeks to increase its property tax request by more than the allowable growth percentage.
- The bill would change the required date range for the joint public hearings so that they would be held on or after September 14 and prior to September 24 and before any of the participating political subdivisions file their adopted budget statement pursuant to section 13-508.
- The bill would make changes so that posting notice of the hearing on the home page of the relevant county's website would only apply if the county has a population of more than 10,000 inhabitants
- The bill would add that each political subdivision that participates in the joint public hearing would need to now electronically send the information for the postcard and notice posted on the county's website. The county assessor would now be sent this information by September 4 and the county clerk would also notify the county assessor of the date, time, and location of the joint public hearing no later than September 4.
- Political subdivisions participating in the joint public hearing would need to maintain a prominently displayed and easily accessible link on the home page of the its website to its proposed budget, except that the requirement would not apply if the political subdivision is a county with a population of less than 10,000 inhabitants, a city with a population of less than 1,000 inhabitants, or, for joint public hearings prior to January 1, 2024, a school district.
- The bill would add information that the county clerk, or his or her designee, needs to put into the report regarding the joint public hearing.

There is estimated to be no fiscal impact to the state as a result of this aspect of the amendment.

The fiscal impact to political subdivisions from this aspect of the amendment is expected to be minimal.

Incorporates Provisions of LB 577 with Modifications

This aspect of the amendment would add a statement to the tax statement regarding delinquent taxes that failure to pay the back taxes and interest may result in the loss of the real property.

This aspect of the amendment seeks to add to what needs to be included to describe the property in the list made out by the county treasurer of all real property subject to sale and the amount of all delinquent taxes against each item with an accompanying notice. Upon issuance of a tax certificate, the purchaser would notify, by personal service, the property owner of the real property that was sold for taxes. The purchaser would need to prove the personal service by affidavit and this affidavit would need to be filed with the application for the tax deed.

This aspect of the amendment would create requirements for when purchaser, or his or her assignee, may apply for a tax deed. If the requirements would not be met, the purchaser, or his or her assignee would foreclose the lien.

Within 30 days after recording of the deed, the grantee would pay the surplus to the previous owner of the property described in the deed.

Counties estimate costs associated with duties under this aspect of the amendment such as for lists that include delinquent taxes and programming changes to add the capability to account for the service fees and other duties under this aspect of the amendment.

Incorporates Provisions of LB 97 with Modifications

This aspect of the amendment seeks to make changes so that a petitioner in a proceeding to determine inheritance tax would submit a report regarding inheritance taxes to the county treasurer of the county in which the inheritance tax determination was conducted. This report would need to be submitted on a form prescribed by the DOR.

This aspect of the amendment also changes the timing of submittal of inheritance tax reports. The county treasurer of each county would be required to submit a report regarding inheritance taxes generated from January 1, 2023 through June 20, 2023 to the DOR on or before August 1, 2023. Beginning July 1, 2023, the county treasurers would need to submit a report regarding annual inheritance taxes generated from July 1 of each year through June 30 of the next year, to the DOR on or before August 1, 2024, and on or before August 1 of each year after that.

Finally, this aspect of the amendment adds that on or before September 1, 2023, and on or before September 1 of each year after that, the DOR would need to compile and aggregate the mentioned treasurer reports and make each county report and statewide aggregate of the county reports available to the public on the DOR's website.

It is estimated there will be minimal costs to the DOR as a result of this aspect of the amendment.

Minimal to no fiscal impact is anticipated for counties as a result of this bill.

Incorporates Provisions of LB 809

This aspect of the amendment changes the maximum amount of refundable tax credits that can be approved to \$10 million from \$1 million under the Nebraska Advantage Rural Development Act starting in calendar year 2023 and after.

The estimated fiscal impact as a result of this aspect of the amendment is shown in the table following the discussion of the amendments.

Incorporates Provisions of LB 4 with Modifications

This aspect of the amendment seeks to change provisions related to the homestead exemption regarding application frequency, certification of medical status, benefits to veterans' surviving spouses, mailing of notice by county assessors, and penalties. This aspect of the amendment would also create a new category of eligible veteran: veterans who were discharged or otherwise separated with a characterization of honorable or general (under honorable conditions), drawing compensation from the US Department of Veterans Affairs because of a 100% service-connected temporary disability and not eligible under the other enumerated categories; an unremarried spouse of such veteran; or a remarried spouse of such veteran who remarries after attaining the age of 57.

The Department of Revenue (DOR) estimates no additional General Fund expenditures due to the created eligibility category because the persons described are already eligible. There is no basis to disagree with this estimate. The Douglas County Assessor and NACO estimate no fiscal impact, as well.

Revenue Impact:

The table on the following page lists the estimated impact to General Fund revenues as a result of the components to LB 727.

	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
LB 74-Purchasing Agent Exemption	\$ (5,302,000)	\$ (13,043,000)	\$ (13,369,000)	\$ (13,703,000)	\$ (14,046,000)
LB 96-Twine Exemption	\$ (43,000)	\$ (59,000)	\$ (60,000)	\$ (62,000)	\$ (64,000)
LB 100-ImagiNE Waste Treatment	\$ -	\$ -	\$ (230,000)	\$ (512,000)	\$ (177,000)
LB 118-Livestock Modernization	\$ -	\$ (2,000,000)	\$ (3,000,000)	\$ (3,400,000)	\$ (4,000,000)
LB 165-Educational Savings Plan	\$ (2,939,000)	\$ (6,562,000)	\$ (9,170,000)	\$ (9,063,000)	\$ (9,333,000)
LB 180-Biodiesel Tax Credit	\$ (1,041,000)	\$ (2,185,000)	\$ (2,295,000)	\$ (2,409,000)	\$ (2,506,000)
LB 300-Mental Health Provider Exemptions	\$ (300,000)	\$ (464,000)	\$ (477,000)	\$ (492,000)	\$ (507,000)
LB 384-Aircraft Sales Tax	\$ (1,373,000)	\$ (1,573,000)	\$ (1,652,000)	\$ (1,734,000)	\$ (1,821,000)
LB 447-First Responder	\$ (64,000)	\$ (67,000)	\$ (71,000)	\$ (76,000)	\$ (80,000)
LB 491-Nebraska Advantage R & D Convention Center	\$ (8,796,000)	\$ (3,158,000)	\$ (1,152,000)	\$ (1,169,000)	\$ (1,187,000)
LB 692- Good Life Transformational Projects	\$ (4,057,000)	\$ (4,514,000)	\$ (4,604,000)	\$ (4,696,000)	\$ (4,790,000)
LB 697-NE Job Creation and Mainstreet Revitalization	\$ (1,958,000)	\$ (4,841,000)	\$ (4,986,000)	\$ (5,135,000)	\$ (5,290,000)
LB 809-Nebraska Advantage Rural Development	\$ (1,652,000)	\$ (3,007,000)	\$ (4,364,000)	\$ (5,723,000)	\$ (6,052,000)
LB 809-Nebraska Advantage Rural Development	\$ (4,500,000)	\$ (6,750,000)	\$ (7,650,000)	\$ (9,000,000)	\$ (9,000,000)
Total	\$ (32,025,000)	\$ (48,223,000)	\$ (53,080,000)	\$ (57,174,000)	\$ (58,853,000)

The total fiscal impact via the DOR is estimated to be the following:

Fiscal Year	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	State Highway Capital Improvement Fund	Aeronautics Cap Imp Fund	Tobacco Products Administration Cash Fund	Convention Center Support Fund
FY23-24	(\$32,025,000)	(\$112,400)	(\$319,300)	\$1,427,000	\$2,814,000	\$4,218,000
FY24-25	(\$48,223,000)	(\$178,300)	(\$542,800)	\$1,648,000	\$2,898,000	\$4,729,000
FY25-26	(\$53,080,000)	(\$183,800)	(\$556,900)	\$1,731,000	\$2,985,000	\$4,823,000
FY26-27	(\$57,174,000)	(\$190,500)	(\$571,000)	\$1,816,000	\$3,075,000	\$4,920,000
FY27-28	(\$58,853,000)	(\$197,200)	(\$586,100)	\$1,908,000	\$3,167,000	\$5,019,000

Along with these estimates, revenue reductions to General Fund revenues each year of \$1 million is estimated to occur, as discussed in the provisions connecting to LB 623.

Expenditures:

In addition to the personnel estimated to be needed by the DED above, the DOR also estimates the need for the addition of 3 positions as a result of this bill as well as one-time and annual maintenance OCIO expenditures.

There is no basis to disagree with these estimates.

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: Glen White

Date Prepared: 05/19/2023

Phone: 471-5896

	FY 2023-2024		FY 2024-2025		FY 2025-2026	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$432,776	(\$32,025,000)	\$158,320	(\$48,223,000)	\$161,620	(\$53,080,000)
Cash Funds		\$8,139,700		\$8,732,200		\$8,982,100
Federal Funds						
Other Funds		(\$112,400)		(\$178,300)		(\$183,800)
Total Funds	\$432,776	(\$23,997,700)	\$158,320	(\$39,669,100)	\$161,620	(\$44,281,700)

LB 727 amended by AM 1152 and AM 1396 incorporates the followings related bills:

Buyer-based exemption (LB 74 AM 169)

Sections 50-52 would allow contractors to make exempt purchases on buyer-based exemptions, beginning on January 1, 2024. It adds a definition for “buyer-based exemption” that excludes an exemption that is available to all individuals. It would expand the provisions relating to purchasing agents as follows:

- A taxpayer may appoint construction contractors as purchasing agents to purchase materials tax free for items that will be physically annexed to the structure and which subsequently belong to the taxpayer when the client would be able to purchase the items tax free.
- The appointment of purchasing agents will be in writing and occur prior to having any buyer-based tax-exempt items annexed to real estate during construction, improvement, or repair. If the taxpayer fails to timely appoint the purchasing agent, the taxpayer may apply for a refund for any sales or use tax paid by the contractor.
- The contractor who has been appointed as a purchasing agent may purchase the materials tax free, or may apply for a refund of, or use as a credit, against a future use tax liability, the tax paid on inventory items annexed to real estate in the construction, improvement, or repair of a project that belongs to the client who is eligible for the buyer-based exemption.
- This is similar to the appointment of purchasing agents by nonprofit organizations (See Neb. Rev. Stat. § 77-2704.12(3) and (4)). The ultimate consumer may appoint a contractor to stand in their shoes and utilize the exemption as if the exempt entity were making the purchase directly.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	23-24	24-25	25-26	23-24	24-25	25-26
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
A07012	Information Technology Applications Developer/Senior	1	0.5	0.5	\$78,500	\$41,200	\$42,200
A21211	Fiscal Compliance Analyst	0.5	0.5	0.5	\$23,200	\$24,300	\$24,900
A29622	Revenue Tax Specialist Senior	0.5	0.5	0.5	\$35,200	\$36,900	\$37,800
	Benefits.....				\$45,100	\$33,800	\$34,600
	Operating Costs.....				\$235,776	\$22,120	\$22,120
	Travel.....						
	Capital Outlay.....				\$15,000		
	Capital Improvements.....						
	Total.....				\$432,776	\$158,320	\$161,620

Property Tax Request Act (LB 529)

Section 53 of AM 1396 amends the Property Tax Request Act to include:

1. A requirement is added so that at least one elected official from each political subdivision, within an area where property tax is requested to grow more than the allowable growth percentage, is required to attend the joint public hearing;
2. The hearing notice requirement;
3. The joint public hearing must be held on or after September 14, but prior to September 24; and
4. The county clerk must prepare a report that includes the name of the political subdivision that participated in the joint public hearing.

Agricultural Machinery and Equipment Exemption (LB 96 AM 64)

Section 54 makes the following changes to the agricultural machinery and equipment exemption: Adds baling wire and twine to the list of property that may be purchased tax-exempt for use in commercial agriculture to bail livestock feed or bedding. Changes the exemption for the purchase of net wrap used in bailing hay to net wrap used in bailing livestock feed or bedding.

Collection of Delinquent Real Property Taxes by Sale (LB 577)

Section 55 of AM 1396 adds notice requirements for county treasurers when publishing delinquent tax lists. The amendment also adds service requirements for purchasers of real property who have received a tax sale certificate when notifying property owners of the sale and their rights.

ImagiNE Act (LB 100)

Section 82 amends the ImagiNE Act, specifically section 77-6818, to add subsection (1)(u) to include “waste treatment and disposal” under NAICS code 5622 as an eligible qualified activity for the purposes of incentives under the Act.

Nebraska Rural Development Act (LB 118 & LB 809)

Section 77 amends the Nebraska Rural Development Act (Act) to change the application fee to:

- i. \$100 for investment of less than \$25,000;
- ii. \$250 for investment of at least \$25,000 but less than \$50,000; and
- iii. \$500 for investment of \$50,000 or more.

For applications filed on or after January 1, 2024, the Act provides that the refundable credit is allowed to taxpayers who have an approved application under the Act, are engaged in livestock production, and who invest at least \$10,000 in livestock modernization or expansion. Applications filed before January 1, 2024 must still have at least \$50,000 in investment for livestock modernization or expansion to qualify for the credit.

The maximum amount of refundable tax credits that can be approved is increased to \$10 million from \$1 million under the Nebraska Advantage Rural Development Act for Level 1 and Level 2 beginning in calendar year 2023 and after.

Qualified Education Expenses (LB 165)

Section 83 adds to the definition of qualified education expenses the costs of tuition in connection with costs of attending kindergarten through grade twelve. Amounts in excess of \$10,000 per beneficiary per taxable year are excluded from the definition of qualified education expenses for purposes of elementary and secondary schools.

A rollover to a Roth plan is no longer a nonqualified withdrawal after January 1, 2023.

Section 83 renames certain funds by replacing “College” with “Education” and contain other harmonizing provisions.

Homestead Exemptions (LB 4)

Section 86-88 of AM 1396 amends several sections of the Homestead Act.

Currently, the homestead program includes both “permanent” and “temporarily” disabled veterans under category four, that is, veterans receiving compensation from the U.S. DVA because of a 100% disability that was service connected. This amendment narrows this category to those who have a permanent disability. Additionally, AM 1396 changes the application requirements for these veterans to require them to apply in years divisible by 5 instead of every year.

Nebraska Biodiesel Tax Credit Act (LB 180)

Sections 1 – 8 established the Nebraska Biodiesel tax Credit Act (BTC Act). The BTC Act provides that taxpayers who are retail dealers and who sold and dispensed biodiesel on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer’s retail motor fuel site are eligible to receive tax credits under the BTC Act.

The tax credit equals 14 cents multiplied by the total number of gallons of biodiesel sold by the taxpayer on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer’s retail motor fuel site. The tax credit is refundable and may be used against any income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed pursuant to sections 77-907 to 77-918 or 77-3801 to 77-3807.

The credit may be claimed for taxable years beginning or deemed to begin on or after January 1, 2024. Taxpayers must submit applications for the tax credit, on a form prescribed by the Nebraska Department of Revenue (DOR) from January 1 to April 15 of each calendar year.

No new applications will be filed under the Act after December 31, 2028. All applications and credits pending or approved before that date will continue in full force and effect.

The annual credit limit will not exceed \$5 million. If the total amount of tax credits requested in any calendar year exceeds the limit, DOR will allocate the tax credits proportionally based up amounts requested. DOR must consider applications in the order in which they are received, up to the annual credit limit. If DOR determines that an application is complete and the taxpayer is qualified for credits, DOR must approve the application and certify the credits, up to the limit established by the BTC Act.

Expands Sales Tax Exemption (LB 300)

Section 51 expands a sales tax exemption. It amends section §77-2704.12 to include an additional organization to be recognized as a nonprofit organization. The definition will now include “any nonprofit organization certified or contracted by a regional behavioral health authority or the Division of Behavioral Health of the Department of Health and Human Services to provide community-based mental health or substance use services.”

Inheritance Tax Reporting (LB 97 AM 504)

Section 60 is LB 97 amended by AM 504 which clarifies the inheritance tax report will be filed by the petitioner after the entry of an order determining inheritance tax in the county where the order was issued. The Nebraska Department of Revenue (DOR) will develop the County Inheritance Tax Report Form to be used by the petitioner. The Estate County Inheritance Tax Report (Form ECIT) will list the: amount of inheritance tax required to be paid by beneficiary class; number of beneficiaries; and number of out of state beneficiaries. County Treasurers will submit the County Inheritance Tax Report (Form CIT) to DOR on the state fiscal year basis by August 1st every year, except the first report will only cover January 1, 2023 to June 30, 2023. DOR will publish each county report and a statewide aggregate of the reports by September 1st each year on the DOR website.

Nebraska Property Tax Incentive Act (LB 344)

Section 81 eliminates from the Nebraska Property Tax Incentive Act property tax payments that were over five years delinquent at the time of payment. It amends the Nebraska Property Tax Incentive Act to exclude community college and school district taxes paid that at the time of payment were delinquent for five years or more.

Aeronautics Capital Improvement Fund (LB 384)

Section 99 creates the Department of Transportation Aeronautics Capital Improvement Fund (Fund), which the Department of Transportation will administer and use to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure at any public-use airport licensed by the Division of Aeronautics of the Department of Transportation. Section 61 credits to the Fund all proceeds from the sales and use taxes imposed on the sale or lease of aircraft.

Nebraska Transformational Projects Deadline Extension (LB 407)

Section 101 extends the application date deadline for the Nebraska Transformational Projects Act from December 31, 2023, to December 31, 2025.

Law Enforcement and Firefighter Tuition Waiver (LB 447)

Sections 105, 107, and 108 expand an income tax deduction of a retired firefighter the amount of health insurance premiums paid by the retired firefighter during the taxable year. This deduction was previously limited to retired law enforcement officers. The sections also rename the Law Enforcement Education Act to the First Responder Recruitment and Retention Act (Act) and expands the 100% resident tuition waiver for law enforcement officers to include firefighters and the legal dependents of both.

Nebraska Advantage Research and Development Act Changes (LB 491)

Sections 78 through 80 amend the Nebraska Advantage Research and Development Act (R&D) to allow a taxpayer to claim the Nebraska R&D credit for all tax years that are open for assessment or filing a refund claim, allow the credit for the first tax year claimed and each tax year following, and makes changes to employer requirements for use of the E-Verify system.

Nebraska Educational Savings Plan (LB 495)

Section 84 adds language to the definition of nonqualified withdrawals under the Nebraska Educational Savings Plan. The new language specifies that distributions from an account “to the extent it does not constitute a rollover to a Roth individual retirement account as permitted by section 529 of the Internal Revenue Code” are nonqualified withdrawals.

Agricultural and Horticulture Land (LB 580 AM 634)

Section 43 removes the requirement that land must be located outside the corporate boundaries of any sanitary and improvement district, city, or village. Section 43 also removes the language that details when land qualifies for special valuation when located within the corporate boundaries of any sanitary and improvement district, city, or village.

Electronic Nicotine Device Systems Tax (LB 584 AM 509)

Section 77 imposes an excise tax under the Tobacco Products Tax Act on electronic nicotine devices systems (ENDS) containing consumable material. The tax rate is for ENDS containing 3 milliliters or less of consumable materials at 5 cents per milliliter. For those products ENDS more than 3 milliliters of consumable materials a tax of 10% at either the purchase price of ENDS paid by the first owner or the price at which the first owner who made, manufactured, or fabricated the ENDS sells the item to others.

Good Life Transformational Projects Act (LB 692 AM 727)

Sections 9 through 15 create the Good Life Transformational Projects Act which reduces the sales tax rate from 5.5% to 2.75% for transactions that occur within an approved good life district (District). Applications must be approved by the Department of Economic Development based on the ability of the district to generate new economic activity, create new jobs for residents, and promote new-to-market retail, entertainment, and dining attractions. Restrictions apply based on the size of city and county that the proposed District will be located within, such that a District located in a larger city and/or county must generate larger economic benefits. The sections further require that 20% of the proposed sales will come from out-of-state residents and that the District be no larger than 1000 acres.

The proposed Good Life Transformational Projects Act violates the SSUTA (Sec. 308.A) requirement that a state has only one state sales tax rate, except for food and food ingredients and drugs.

Nebraska Job Creation and Mainstreet Revitalization Act (LB 697)

Sections 65 through 67 make changes to the Nebraska Job Creation and Mainstreet Revitalization Act and extends the application date and final date to claim credits. The sections redefine historically significant real property to include at-grade or above ground structures used for any purpose. Improvement is redefined to include a project with a total cost of more than \$5,000 regardless of location. The sections further amend the amount of credits available to 25% of eligible expenses for properties located in a county that includes a city of the metropolitan class or a city of the primary class and 30% otherwise. Engineering costs now qualify as eligible expenses. The maximum credit allowed for any single project is increased to \$2 million. Section 67 adds the provision that total credits under the program to be \$12 million for all calendar years after 2025, of which \$4 million is reserved for applications under \$100,000.

Achieving a Better Life Experience Program (LB 704)

Section 45 changes provisions of the Achieving a Better Life Experience (ABLE) program. The section requires that if the balance of an account on the date of death is less than or equal to \$5,000, the account owner or personal representative of the designated beneficiary may have the balance distributed to an individual or individuals specified by the designated beneficiary, the account owner, or the personal representative of the designated beneficiary.

Sales Tax Diversion Extension (LB 706 AM 692)

Section 61, in addition to other provisions, extends the diversion of one quarter cent of the State sales tax (not including motor vehicle, motorboat, and ATV sales tax) from the General Fund to the State Highway Capital Improvement Fund (85%) and the Highway Allocation Fund (15%) from a current end date of July 1, 2033, to July 1, 2042.

Sales Tax Exemption (LB 727 AM 867)

Section 52 adds purchases by the governmental unit's expenditure towards the project is paid in whole or in part with redevelopment bonds. It provides a sales tax exemption for a nonprofit corporation making a lease-purchase agreement, financing lease, or other instrument for a governmental unit's expenditures towards a project that has been approved by the voters of that governmental unit. Project means the acquisition of real property, or the construction of a public building and the amount is the greater of \$50,000 or 6/10ths of 1% of the total purchase agreement, financing lease, or other instrument as of the end of the governmental unit's prior fiscal year.

Sports Arena Finance Facility Financing Act ("Act")

The bill amends the Act to require a municipality to own and operate the sports facility qualifying under the Act. This removes non-profits and other entities from owning and operating the facilities under the Act.

Convention Center Facility Financing Assistance Act (LB 732)

Sections 16 through 23 allow for applications for assistance under the Convention Center Facility Financing Assistance Act through December 31, 2030. Current statute allows for applications until December 31, 2012.

It also amends the Act to require a municipality to own and operate the convention center and removes non-profits and other entities from owning or operating a convention center under the Act. Moreover, the definition of "retailer" is expanded.

Fiscal Impact of LB 727 as amended by AM 1152 AM 1396

DOR estimates the total fiscal impact of LB 727 AM 1152 to be as follows (the breakdown of the components that impact the General Fund revenues are at the end of the fiscal note):

Fiscal Year	General Fund Revenues	Highway Allocation Fund (Cities and Counties)	State Highway Capital Improvement Fund	Aeronautics Cap Imp Fund	Tobacco Products Administration Cash Fund	Convention Center Support Fund
FY23-24	(\$32,025,000)	(\$112,400)	(\$319,300)	\$1,427,000	\$2,814,000	\$4,218,000
FY24-25	(\$48,223,000)	(\$178,300)	(\$542,800)	\$1,648,000	\$2,898,000	\$4,729,000
FY25-26	(\$53,080,000)	(\$183,800)	(\$556,900)	\$1,731,000	\$2,985,000	\$4,823,000
FY26-27	(\$57,174,000)	(\$190,500)	(\$571,000)	\$1,816,000	\$3,075,000	\$4,920,000
FY27-28	(\$58,853,000)	(\$197,200)	(\$586,100)	\$1,908,000	\$3,167,000	\$5,019,000

Note that the fiscal impact above does not include the revenue impact on the General Fund and Cash Fund as a changes to the Sports Arena Facility Financing Assistance Act and the Convention Center Facility Financing Assistance Act because the fiscal impact are unknow and contingent upon future qualifying projects. Depending on the location of these projects and the nearby businesses, there is potential for a significant reduction in state sales tax revenue.

LB 727 AM 1152 will require 1 FTE of Senior IT Application Developer on the first year and 0.5 FTE for the subsequent years to program and maintain the General Processing System. DOR also need an additional Fiscal Compliance Analyst at 0.5 FTE to handle the review of additional audits as a result of increasing the cap for the Nebraska Advantage Rural Development Act from \$1 million to \$10 million. Furthermore, DOR will also need 0.5 FTE of a Revenue Tax Specialist Senior to research and track the increased number of retailers that are qualified for the eligible facility under the Convention Center Facility Financing Assistance Act. DOR also estimates cost for the OCIO to implement the change as follows: \$235,776 for FY23-24, \$22,120 for FY24-25 and beyond for annual maintenance.

Breakdown of the component that impact the General Fund revenues for LB 727 amended by AM1152:

	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
LB 74 - Purchasing Agent Exemption	(\$5,302,000)	(\$13,043,000)	(\$13,369,000)	(\$13,703,000)	(\$14,046,000)
LB 96 - Twine Exemption	(\$43,000)	(\$59,000)	(\$60,000)	(\$62,000)	(\$64,000)
LB 100 - ImaginNE Waste Treatment	\$0	\$0	(\$230,000)	(\$512,000)	(\$177,000)
LB 118 Livestock Modernization	\$0	(\$2,000,000)	(\$3,000,000)	(\$3,400,000)	(\$4,000,000)
LB 165 - School Savings Plan	(\$2,939,000)	(\$6,562,000)	(\$9,170,000)	(\$9,063,000)	(\$9,333,000)
LB 180 - Biodiesel Tax Credit	(\$1,041,000)	(\$2,185,000)	(\$2,295,000)	(\$2,409,000)	(\$2,506,000)
LB 300 - Mental Health Provider Exemptions	(\$300,000)	(\$464,000)	(\$477,000)	(\$492,000)	(\$507,000)
LB 384 - Aircraft Sales Tax	(\$1,373,000)	(\$1,573,000)	(\$1,652,000)	(\$1,734,000)	(\$1,821,000)
LB 447 - First Responder Exemption & Tuition	(\$64,000)	(\$67,000)	(\$71,000)	(\$76,000)	(\$80,000)
LB 491 - NE Advantage R&D	(\$8,796,000)	(\$3,158,000)	(\$1,152,000)	(\$1,169,000)	(\$1,187,000)
Convention Center Bills	(\$4,057,000)	(\$4,514,000)	(\$4,604,000)	(\$4,696,000)	(\$4,790,000)
LB 692 - Good Life transformational Project	(\$1,958,000)	(\$4,841,000)	(\$4,986,000)	(\$5,135,000)	(\$5,290,000)
LB 697 - Nebraska Job Creation and Mainstreet Revitalization Act	(\$1,652,000)	(\$3,007,000)	(\$4,364,000)	(\$5,723,000)	(\$6,052,000)
LB 809 - L1L2 Cap Increase	(\$4,500,000)	(\$6,750,000)	(\$7,650,000)	(\$9,000,000)	(\$9,000,000)

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

2023

LB⁽¹⁾ 727-AM1152—Revised

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 5/8/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$128,220		\$124,290	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$128,220		\$124,290	

Explanation of Estimate:

LB727 as amended by AM1152 would make several changes to sales and use tax statutes. Four portions of the amended bill would directly impact DED operations. These include provisions that would establish 'Good Life Districts', extend the application deadline for the Nebraska Transformational Projects Act for two years, change the match requirement for the Rural Workforce Housing Grant Program, and expand the Imagine Nebraska Act by increasing the number of qualified activities.

Sections 9-15 of LB727 as amended, would create the Good Life Transformational Projects Act. As amended, the act would allow for the establishment of 'Good Life Districts' that attract a significant number of visitors and create a significant number of jobs. Until December 31, 2024, any person may apply to DED to create a Good Life District. Eligible projects must have development costs in excess of \$1 Billion if located in Omaha; \$750 million if located in Lincoln; \$500 million if located in a city of the first class, second class, or village in a county with a population of more than 100,000; and \$100 million if located in a city of the first class, second class, or village in a county with a population of less than 100,000. Qualified projects cannot include a racetrack enclosure or an authorized gaming operator, and it must be less than 2,000 acres. If approved, "any transaction occurring with the district" would be subject to a state sales and use tax rate of 2.75 percent. Finally, the bill as amended, would require that an approved project be terminated if the project does not reach 75% of the investment threshold within ten years.

For purposes of estimating DED expenditures for this portion of LB727, DED assumes one qualifying district and three application reviews prior to the sunset for applications. DED further assumes that a grant is awarded to a single large project. Given the level of review required by DED to approve an application, and the other tasks required by the bill, DED believes that it will need the services of an Economist to develop the program, determine whether the applicant qualifies, and monitor the progress of the project's investment.

Section 101 of AM1152 would amend Section 81-12,182(5) to extend the application deadline from December 31, 2023, to December 31, 2025. The Department expects that this provision of the amended bill would result in no changes to the responsibilities of the Department and can be accomplished with current resources and staff.

Section 82 of LB727, as amended by AM1152, would amend Section 77-6818 expand the definition of a qualified location under the Imagine Nebraska Act to include locations where waste treatment and disposal activities, as defined under NAICS 5622, are conducted. This includes waste treatments and disposal, hazardous waste treatment and disposal, solid waste landfills, solid waste combustors and incinerators, and other nonhazardous waste treatment and disposal activities. The Department of Economic Development can absorb any additional costs due to the provisions of this section of AM1152 with current resources.

And finally, Section 100 of LB727 as amended by AM1152 would amend Section 81-1229 to change the amount of match required for the Rural Workforce Housing program. Specifically, the match would change from one-half of the amount of workforce grant funds awarded to one-quarter of the amount of workforce grant funds awarded. The Department expects that this provision of the amended bill would result in no changes to the responsibilities of the Department and can be accomplished with current resources and staff.

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>
A13910 Economist	1.00	1.00	\$68,750	\$71,500
Benefits.....			27,500	28,600
Operating.....			16,500	17,040
Travel.....			6,870	7,150
Capital outlay.....			8,600	0
Aid.....			0	0
Capital improvements.....			0	0
TOTAL.....			\$128,220	\$124,290

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

2023

LB⁽¹⁾ 727 AM1152

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ History Nebraska (Nebraska State Historical Society)
 402444

Prepared by: ⁽³⁾ Michelle Furby Date Prepared: ⁽⁴⁾ May 10, 2023 Phone: ⁽⁵⁾ 402-471-3171

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	_____	_____	_____	_____
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>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.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 727 AM1152

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Secretary of State

Prepared by: ⁽³⁾ Joan Arnold Date Prepared: ⁽⁴⁾ 4-11-23 Phone: ⁽⁵⁾ 402-471-2384

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	_____	_____	_____	_____
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>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.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 727, AM 1152

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ April 11, 2023 Phone: ⁽⁵⁾ 402-471-2793

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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The State Treasurer’s Office doesn’t expect any fiscal impact from LB 727, AM 1152 to the office.

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.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines. 2023

LB⁽¹⁾ 727, AM 1396

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Arts Council

Prepared by: ⁽³⁾ Michael Markey Date Prepared: ⁽⁴⁾ 5/17/2023 Phone: ⁽⁵⁾ 402-595-2195

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 727 AM1396

FISCAL NOTE

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

Prepared by: ⁽³⁾ Liza Alderman Date Prepared: ⁽⁴⁾ 5/17/23 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	See below	See below	See below	See below
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See below</u>	<u>See below</u>	<u>See below</u>	<u>See below</u>

Explanation of Estimate:

LB727 AM 1396 amends Committee AM 1152. LB727 as adopted impacts the Department of Transportation by continuing to state it is the intent of the Legislature to conservatively utilize bond financing by issuing bonds to accelerate the completion of the highway construction projects identified for funding under the Build Nebraska Act (BNA). Bonds issued may not exceed \$450 million in principal and \$35 million in annual debt service for a period of not more than nineteen years. Proceeds from the sale of the bonds issued shall be deposited in the State Highway Capital Improvement Fund for use pursuant to the BNA. Pursuant to subsection (3) of section 39-2223 at least seventy-five percent of proceeds from the bonds issued shall be used for the construction of the expressway system and federally designated high priority corridors. The remaining proceeds shall be used to pay for surface transportation projects of the highest priority as determined by the department. Bonding authority begins immediately following the passing of the bill with all bonds to be issued no later than June 30, 2029 and repaid by June 30, 2042. The fiscal impact to NDOT is contingent upon whether bonds would be issued and the timing of projects. Costs of the bond issuance, such as financial advisor, bond counsel and rating agency fees, are anticipated and would vary based on if the bond issuance occurred in one or more series.

Technical Note: With respect to the fund in which the bond proceeds should be deposited, the State Highway Capital Improvement Fund was created and designated to be used under the Build Nebraska Act. Under current law, sales tax revenues credited to the State Highway Capital Improvement Fund will terminate on June 30, 2033. Since Article XIII, Section 1 of the Nebraska Constitution requires that only state revenues closely related to the use of the highways may be pledged for the repayment of highway bonds, the State Highway Capital Improvement Fund and its general sales and use tax revenue, would not be authorized to repay highway bonds.

Adopted provisions will establish the Department of Transportation Aeronautics Capital Improvement Fund which shall consist of money credited to the fund pursuant to 77-27,132, transfers authorized by the Legislature, and any gifts, grants, bequests, or donations to the fund. Uses for the Department of Transportation Aeronautics Capital Improvement fund as well as the responsibility of administration are established. All proceeds of sales and use taxes imposed pursuant to section 77-2703 on the sale and lease of aircraft are credited to the Department of Transportation Aeronautics Capital Improvement Fund.

Revenue to Build Nebraska Act Funds				
	FY2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027
State Highway Capital Improvement Fund	(\$46,000)	(\$64,000)	(\$67,000)	(\$70,000)
Highway Allocation Fund (cities and counties)	(\$8,000)	(\$11,000)	(\$12,000)	(\$12,000)
Total	(\$54,000)	(\$75,000)	(\$79,000)	(\$82,000)

Revenue to Aeronautics Capital Improvement Fund				
	FY2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027
Aeronautics Capital Improvement Fund	\$1,427,000	\$1,648,000	\$1,731,000	\$1,816,000

The estimate of tax revenue for the sale and lease of aircraft was obtained from the Nebraska Department of Revenue. No additional expenditures or employees (FTEs) will be needed to administer the new fund. Changes in the distribution of sales tax revenue will divert funds from the Build Nebraska Act minimally impacting NDOT, cities, and counties.

The adopted sales and use tax provisions in LB 727 would; allow buyer-based tax exemptions for contractors appointed as a purchasing agent on qualified construction project materials, exempt sales and use tax shall on gross receipts from the sale, lease, or rental of twine purchased for use in commercial agriculture, and create a sales and use tax exemption for any nonprofit organization certified or contracted by a regional behavioral health authority or the Division of Behavioral Health of the Department of Health and Human Services to provide community-based mental health or substance use services. The fiscal impact of the sales and use tax exemptions as estimated by the Department of Revenue is as follows:

Revenue to Build Nebraska Act Funds				
	FY2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027
State Highway Capital Improvement Fund	(\$183,900)	(\$549,300)	(\$563,000)	(\$577,900)
Highway Allocation Fund (cities and counties)	(\$32,100)	(\$96,700)	(\$98,900)	(\$102,000)
Total	(\$216,000)	(\$646,000)	(\$661,900)	(\$679,900)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2023

LB⁽¹⁾ 727, AM 1396

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ May 17, 2023 Phone: ⁽⁵⁾ 402-471-2793

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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The State Treasurer’s Office doesn’t expect any fiscal impact from LB 727, AM 1396 to the office.

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.....	_____	_____	_____	_____

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

2023

FISCAL NOTE

LB727/AM1396
[specific to “LB577”
text*]⁽¹⁾

Change provisions relating to the sales and use tax exemption on purchases by the state and other public entities

**[re ‘To change provisions relating to the notification of delinquent property taxes and the issuance of treasurer’s tax deed’]*

State Agency OR Political Subdivision Name: ⁽²⁾

DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ Amy Wyman,
Treasurer’s Office

Date Prepared: ⁽⁴⁾ 5/18/2023

Phone: ⁽⁵⁾ 402-444-4986

Marcos San Martin,
County Administration

402-444-5116

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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$316,000</u>	<u>N/A</u>	<u>\$16,000 RECURRING ANNUAL</u>	<u>N/A</u>

Explanation of Estimate:

NEGATIVE FISCAL IMPACT TO DOUGLAS COUNTY

The revisions proposed by AM1396 (LB577) will result in additional cost mandates to the County of \$316,000 in the initial implementation year and an estimated recurring \$16,000 on an on-going basis.

§77-1802, requires the County to spend extra taxpayer money to publish the list of delinquent properties by adding the name of the owner along with what the County is currently providing: the parcel number, property address or Sec.Twn. Range and amount. Douglas County’s cost last year for publication was \$13,959.24. The cost of publication to add these changes proposed would double in price which would estimate the cost of publication to be around \$30,000. Douglas County currently provides a list of this proposed information located in the Treasurer’s Office. Publishing this information does not provide the delinquent taxpayer with any other protection.

Currently Douglas County has an old system and the cost of programming for an administrative fee of the purchaser to be collected in case of a redemption is not feasible and would provide a significant fiscal impact.

Category	Add'l Cost to Treasurer's Office	Notes
In-Person		
	\$300,000.00	IMS System Programing changes 50year old system-this is only an estimate

	\$16,040.76	Daily Record (publication) increase
--	-------------	-------------------------------------



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

2023

LB⁽¹⁾ 727, AM1396

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ May 17, 2023 Phone: ⁽⁵⁾ 402-441-8777

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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: This legislation does not appear to have a fiscal impact on this office.

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.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 727 AM1396

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Sheriff's Office

Prepared by: ⁽³⁾ Ben T. Houchin Date Prepared: ⁽⁴⁾ May 17, 2023 Phone: ⁽⁵⁾ (402) 441-6500

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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

No fiscal impact on the Lancaster County Sheriff's Office

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.....				

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

2023

LB⁽¹⁾ 727 AM1396

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Rachel Garver Date Prepared: ⁽⁴⁾ May 18, 2023 Phone: ⁽⁵⁾ 402-441-7425

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	\$16,300		\$2,300	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Additional Costs

Notes on sections

\$ 2,300

Section 55 adds more required information per parcel to the delinquent tax list. Lancaster County's advertising cost in 2022 was \$4,393.94. Adding the changes to the advertising list is estimated to increase the cost to 6,600.00.

\$ 14,000

There will be programming costs for Lancaster County's custom software. The cost includes: 1) Section 54, to add required verbiage on the tax statement; 2) Section 55, for reporting to included pulling both the name of the owner of record and the property's street address; 3) Section 56, to include a notification fee incurred by the purchaser. The estimated is at 80 hours at \$175 per hour. This would be a onetime cost.

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>
Clerical				
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2023

LB⁽¹⁾ 727, AM1396

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 5/18/2023 Phone: ⁽⁵⁾ 402.434.5660

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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Committee AM1152 to LB727 struck the original provisions of LB727. It was adopted and incorporated several bills, including but not limited to:

- LB692, AM1012 (§§ 9-15 of LB727) that would adopt the Good Life Transformation Project Act and allow political subdivisions to apply to the Department of Economic Development for state assistance to be used for a variety of financing mechanisms for eligible projects. Such projects must be approved by the department and demonstrate identified criteria. Grants, thus increased revenue, could range from \$0 to an amount not to exceed fifty percent of the state sales tax revenue collected by sellers within an applicable good life district.
- LB580, AM634 (§§ 43 and 44 of LB727) that would eliminate the use of criteria for special valuation of agricultural or horticultural land to be outside the corporate limits of any sanitary and improvement district, city or village. The fiscal impact to counties is anticipated to be negligible.
- LB344 (§81 of LB727) that would exclude community college and school taxes that are delinquent for 5 years or more from the Property Tax Incentive Act. The fiscal impact to counties is expected to be minimal.

AM 1396 to LB727 amends the committee amendment and replaces various provisions, including:

- LB529 (§53) would modify provisions within the Property Tax Request Act. The fiscal impact to counties would be minimal.
- Concepts from LB370 (§54) that would require adding a statement upon the current year tax statement indicating that a failure to pay the back taxes and interest may result in the loss of the real property. The fiscal impact to counties would be minimal.
- Concepts from LB577 (§55-59) that would modify notification requirements for delinquent property taxes and treasurer’s tax deeds. There would be minimal fiscal impact to counties for increased publication requirements .
- LB97 (§60) would modify inheritance tax reporting requirements. No fiscal impact to counties.
- LB4, as amended, (§§86-89) would make some modifications to the homestead exemption program. It would add those veterans with a temporary 100% disability rating from a service-connected disability to the class of recipients who receive a homestead exemption on the full value of their homes, regardless of the home’s value or the recipient’s income. There is no estimated fiscal impact.

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.....				