

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |                     |                   |                     |
|---|-------------------|---------------------|-------------------|---------------------|
|   | <b>FY 2024-25</b> |                     | <b>FY 2025-26</b> |                     |
|   | EXPENDITURES      | REVENUE             | EXPENDITURES      | REVENUE             |
| GENERAL FUNDS   |                   | \$51,327,000        |                   | \$58,713,000        |
| CASH FUNDS  |                   | \$1,889,000         |                   | \$2,376,000         |
| FEDERAL FUNDS   |                   |                     |                   |                     |
| OTHER FUNDS   |                   |                     |                   |                     |
| <b>TOTAL FUNDS</b>  |                   | <b>\$53,216,000</b> |                   | <b>\$61,089,000</b> |

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

LB 1345 would make changes so that sales and use taxes are imposed on the gross income received for legal services performed in the furtherance of a business enterprise under the definition of gross receipts.

This bill would become operative on July 1, 2024 and contains the emergency clause.

The Department of Revenue (DOR) estimates the following increase to General Fund revenues as a result of this bill:

|           | General Fund Revenues | Highway Allocation Fund (Cities and Counties) | Highway Trust Fund | Local Sales Tax (1.5%) |
|-----------|-----------------------|---|--------------------|------------------------|
| FY2024-25 | \$ 51,327,000         | \$ 333,000                                    | \$ 1,889,000       | \$ 13,332,000          |
| FY2025-26 | \$ 58,713,000         | \$ 419,000                                    | \$ 2,376,000       | \$ 16,775,000          |
| FY2026-27 | \$ 62,553,000         | \$ 447,000                                    | \$ 2,532,000       | \$ 17,872,000          |

There is estimated to be a revenue increase to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties. The DOR also estimates increases in tax revenue to local governments based upon a 1.5% sales and use tax rate.

The DOR estimates no costs to it to implement the bill.

There is no basis to disagree with these estimates.

| <b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b> |                 |   |  |
|--|-----------------|---|--|
| LB: 1345   | AM:             | AGENCY/POLT. SUB: Department of Revenue |  |
| REVIEWED BY: Neil Sullivan   | DATE: 1/30/2024 | PHONE: (402) 471-4179                   |  |
| COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1345 appears reasonable. |                 |   |  |



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

**2024**

**LB<sup>(1)</sup> 1345**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation (NDOT)

Prepared by: <sup>(3)</sup> Jenessa Boynton Date Prepared: <sup>(4)</sup> 01/26/2024 Phone: <sup>(5)</sup> 402-479-4691

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|                    | <u>FY 2024-25</u>   |                | <u>FY 2025-26</u>   |                |
|--------------------|---------------------|----------------|---------------------|----------------|
|                    | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS      | _____               | _____          | _____               | _____          |
| CASH FUNDS         | _____               | \$1,889,000    | _____               | \$2,376,000    |
| FEDERAL FUNDS      | _____               | _____          | _____               | _____          |
| OTHER FUNDS        | _____               | \$333,000      | _____               | \$419,000      |
| <b>TOTAL FUNDS</b> | <b>=====</b>        | <b>=====</b>   | <b>=====</b>        | <b>=====</b>   |

**Explanation of Estimate:**

LB 1345 proposes to impose sales and use taxes on the gross income received for legal services performed in the furtherance of a business enterprise.

| Revenue to Build Nebraska Act Funds           |             |             |             |
|---|-------------|-------------|-------------|
|   | FY2024-25   | FY2025-26   | FY2026-27   |
| Highway Trust Fund                            | \$1,889,000 | \$2,376,000 | \$2,532,000 |
| Highway Allocation Fund (cities and counties) | \$333,000   | \$419,000   | \$447,000   |

This estimate of increased tax revenue is from the Nebraska Department of Revenue. The increase in the sales tax base will result in more available funding to the Highway Trust Fund for NDOT and the Highway Allocation Fund for cities and counties.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

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