

Revised per General File amendments

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,364,697	(\$8,476,000)	\$602,602	(\$21,166,000)
CASH FUNDS		(\$80,400)		(\$156,400)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,364,697	(\$8,556,400)	\$602,602	(\$21,322,400)

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

LB 937 was amended by AM3505 and AM3506 on General File. These amendments are divisions of AM 3132 which contained provisions of LB 937 with modifications as well as modified and original provisions from multiple other bills. LB 937 was also amended by AM3260 and AM3116 and these amendments add the provisions of LB 1047 and LB 58 respectively. The amendments are discussed in detail below.

AM3205

Incorporates Provisions of LB 606 with Modifications

This aspect of the amendment would establish the Nebraska Pregnancy Help Act. Under the Act, taxpayers would be eligible for a nonrefundable income tax credit for contributions made to a pregnancy help organization that is approved by the Department of Revenue (DOR) as an eligible charitable organization under the Act. The DOR would be required to compile and make available to the public a list of the eligible charitable organizations.

The amount of the credit would be equal to the lesser of the total amount of such contributions made during the tax year or 50% of the income tax liability of the taxpayer for the tax year. The taxpayer would only be able to claim a credit for the portion of the contribution that was not claimed as a charitable contribution under the Internal Revenue Code of 1986, as amended. Taxpayers who are married but file separate returns for a tax year in which they could have filed a joint return may each claim only one half of the tax credit that would otherwise have been allowed for a joint return. Any amount of the credit that would be unused could be carried forward and applied against the taxpayer's income tax liability for the next five years immediately following the tax year in which the credit is first allowed and cannot be carried back.

Under this aspect of the amendment, these tax credits could begin calendar year 2024 and would place the annual limit for the total amount of these tax credits at \$2 million with no more than 50% of the credits allowed for any calendar year to be for contributions to a single eligible charitable organization.

AM3206

Incorporates Provisions of LB 1022 with Modifications

This aspect of the amendment would create the Cast and Crew Nebraska Act.

- Declares findings of the Legislature;
- Declares intent;
- Sets definitions under the act;
- Sets qualified expenditures under the act;
- Creates eligibility for qualified productions with qualified expenditures under the Act to receive tax credits under the Act;
- Sets the tax credit amounts and sets eligibility for increases, defines the amounts of increases under each category;
- Caps the total tax credits at \$1,500,000 per year;
- Caps the total tax credit that can be claimed by any single production at \$1,500,000;
- Creates an application process for the tax credit program and sets an application fee;
- Sets administration of the Act within the Department of Economic Development (DED), sets tax credit auditing authority with the DED, sets requirements of the audit;
- Allows for tax credits to be transferred to other production companies;
- Bars productions that receive tax credits under the Act from receiving grants under the Act;

- Requires the DED to promulgate rules and regulations under the Act;
- Creates a grant program within the DED, sets intent of the grant program, sets eligibility of the grant program, sets levels of awards for the grant program, sets a cap of \$1,325,000 of total grant awards per year;
- Strikes the intent to transfer the unobligated balance of the Nebraska Film Office Fund to the General Fund on 6/30/2025; and
- Creates a tribal communities film and entertainment education grant program under the Nebraska Film Office Fund statute and requires the DED to award at least \$75,000 per year. There is no additional transfer provided in this aspect of the amendment.

Incorporates Provisions of LB 1084 with Modifications

This aspect of the amendment would establish the Nebraska Shortline Rail Modernization Act.

For taxable years beginning on or after January 1, 2024 an eligible taxpayer would be allowed a nonrefundable income tax credit or on any tax imposed by sections 77-907 to 77-918 or 77-3801 to 77-3807 for qualified shortline railroad maintenance expenditures.

The credit would be equal to 50% of the qualified shortline railroad maintenance expenditures incurred during the taxable year by the eligible taxpayer. The amount of the credit could not exceed an amount equal to \$5,000 multiplied by the number of miles of railroad track owned or leased in the state by the eligible taxpayer at the end of the taxable year.

The total amount of tax credits allowed in any taxable year under the Act would not be able to exceed \$2 million for qualified shortline railroad maintenance expenditures.

To receive the tax credits under the Act, an eligible taxpayer would need to submit an application to the DOR after incurring the relevant qualified shortline railroad maintenance expenditures. The application could be submitted no later than May 1 of the calendar year immediately following the calendar year in which the expenditures were incurred. If the DOR determines that an application is complete and the eligible taxpayer qualifies for tax credits under the Act, the DOR would approve the application and issue a tax credit certificate to the eligible taxpayer. The DOR would consider and approve applications for tax credits under the Act in the order in which the applications are received. The taxpayer would claim the credit under the Act by attaching the certification to the taxpayer's tax return.

Any amount of the credit that is unused could be carried forward and applied against the taxpayer's tax liability for the next five taxable years immediately following the taxable year in which the credit was first allowed. The tax credits under the Act could be assigned by the eligible taxpayer to another taxpayer by written agreement.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

No new application for tax credits could be filed under the Act after December 31, 2033. All applications and all credits pending or approved before such date would continue in full force and effect.

Incorporates LB 1025 with Modifications

This aspect of the amendment would establish the Individuals with Intellectual Developmental Disabilities Support Act.

Under this aspect of the amendment, for taxable years beginning on or after January 1, 2025 there would be added four income tax credits.

The first tax credit would be a nonrefundable tax credit and would be for any employer that employs one or more direct support professionals during the taxable year. The credit would be in the amount of \$500 multiplied by the number of direct support professionals who are employed for at least six months during the taxable year and work at least 500 hours for the employer during the taxable year.

The second tax credit would be a refundable tax credit and would be for a direct support professional if employed as a direct support professional for at least 6 months during the taxable year and would work at least 500 hours as a direct support professional. The credit would be in the amount of \$500.

The third tax credit would be a nonrefundable tax credit and would be for any employer that employs an individual receiving services pursuant to a medicaid home and community-based services waiver. The credit would be in the amount of \$1,000 multiplied by the number of employees who are receiving services pursuant to a medicaid home and community-based services waiver, employed by the employer for at least six months during the taxable year, and work at least 200 hours for the employer during the taxable year.

The fourth credit would be a nonrefundable credit and would be for employers who provide any of the following types of services to an individual pursuant to a medicaid home and community-based services waiver:

- Prevocational
- Supported employment-individual
- Small group vocational support
- Supported employment-follow along

The tax credit would be in the amount of \$1,000 multiplied by the number of individuals the employer is providing services to as listed in the four specified services above.

The Act requires an application to be submitted to the Department of Revenue (DOR) for the credit to be approved and a certification to

CONTINUED ON NEXT PAGE

be made by the DOR. The DOR would consider applications in the order they would be received. The DOR could approve credits under the Act each year until the total amount of credits approved for the year reaches \$2,500,000. The tax credits would be claimed by attaching the tax credit certification received from the DOR to the tax return.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

Incorporates Provisions of LB 1158

This aspect of the amendment would establish the Medical Debt Relief Act.

This aspect of the amendment would create the Medical Debt Relief Program to be administered by the State Treasurer. The State Treasurer would enter into a contract with a medical debt relief coordinator to purchase and discharge medical debt owed by eligible residents with money allocated for the program. A medical debt relief coordinator would report to the State Treasurer summary statistics regarding eligible residents whose medical debt has been discharged. A medical debt relief coordinator would continue to fulfill its contractual obligations to the State Treasurer until all money contracted to the medical debt relief coordinator is exhausted, regardless of whether money allocated to the program has been exhausted. On or before October 1, 2025 and each year after for as long as medical debt relief coordinators are fulfilling their contractual obligations under the Act, the State Treasurer would submit an annual report regarding the program.

The Act would create the Medical Debt Relief Fund. The fund would be administered by the State Treasurer and would be used to carry out the Act. The fund would consist of money transferred to the fund by the Legislature and money donated as gifts, bequests, or other contributions from public or private entities.

The State Treasurer could adopt and promulgate rules and regulations to carry out the Act.

Under this aspect of the amendment, for taxable years beginning on or after January 1, 2024 an individual could reduce his or her federal adjusted gross income by the amount of interest and principal balance of medical debt discharged under the Act, to the extent included in such individual's federal adjusted gross income.

Also, under this aspect of the amendment, for taxable years beginning on or after January 1, 2024 federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would be reduced by the amount of contributions made to the Medical Debt Relief Fund, to the extent not deducted for federal income tax purposes.

This aspect of the amendment does not specify the amount of state funds transferred into the Medical Debt Relief Fund. It is reasonable to assume that such transfer would be from the General Fund, and the amount required could be significant, depending upon the scope of the program. To the extent that any donations are received for credit to the fund, the amount of such donations would be deducted from the taxpayer's income, causing a reduction in General Fund revenue.

The State Treasurer's Office estimates that it can likely absorb any personnel and operating costs as a result of the contract detailed in this aspect of the amendment. However, there is estimated by the office to be costs connected to paying a contract but that cost is indeterminant.

The DOR estimates a negative, indeterminant fiscal impact to General Fund revenues from this bill due to being unable to find reliable data sources.

Incorporates Provisions of LB 1072 with Modifications

This aspect of the amendment would create the Sustainable Aviation Fuel Tax Credit Act.

For taxable years beginning on and after January 1, 2025 there would be allowed a nonrefundable tax credit to any producer or importer of sustainable aviation fuel for any sale or use of a qualified mixture. The amount of the credit would be equal to the number of gallons of sustainable aviation fuel in all sold or used qualified mixtures multiplied by the sum of \$0.75 plus the detailed applicable supplementary amount.

A producer or importer of sustainable aviation fuel could only claim the credit in a total of five taxable years.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

The Act would terminate on January 1, 2035.

Incorporates Provisions of LB 937 with Modifications

This aspect of the amendment would adopt the Caregiver Tax Credit Act. Under the Act, for all taxable years beginning on or after January 1, 2025 there would be allowed a nonrefundable income tax credit for any family caregiver who incurs eligible expenditures for the care and support of an eligible family member. The amount of the credit would be equal to 50% of the eligible expenditures incurred during the taxable year by a family caregiver for the care and support of an eligible family member. Any amount of the credit unused could not be carried forward. The maximum allowable credit in any single tax year for a family caregiver would be \$2,000 unless the eligible family member is a veteran or has a diagnosis of dementia in which case the maximum allowable credit would be \$3,000. If two or more family caregivers would claim the tax credit for the same eligible family member, the maximum allowable credit would be

allocated in equal amounts between each of the family caregivers. The DOR could approve tax credits under this Act each year until the total amount of credits approved for the year would equal \$2,500,000.

The DOR could adopt and promulgate rules and regulations necessary to carry out the Act.

Incorporates Provisions of LB 1184 with Modifications

LB 1184 would establish the Reverse Osmosis System Tax Credit Act.

Under the Act, a taxpayer would be eligible to receive a one-time refundable income tax credit for the cost of installation of a reverse osmosis system at the primary residence of the taxpayer if test results in the drinking water for such residence are above specified levels.

Only one taxpayer per residence could be a recipient of the credit. The credit would be equal to 50% of the cost incurred by the taxpayer during the taxable year for installation of the reverse osmosis system, up to a maximum of \$1,000.

A taxpayer would apply for the credit by submitting an application to the DOR. If the DOR determines that the taxpayer qualifies for the credit, the DOR would approve the application and certify the amount of the approved credit to the taxpayer. The DOR could approve tax credits each year until the total amount of credits approved for the year would equal \$1 million.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

Incorporates Provisions of LB 901

This aspect of the amendment would amend Section 77-2704.12 to provide additional sales and use tax exemptions for nonprofit organizations. Subdivision (1)(j) would be added to provide a sales tax exemption to a nonprofit organization, until the property is transferred or the contract is completed, that acquires property that will be transferred to an organization listed in subdivisions (a) through (i) of section 77-2704.12(1) or enters into a contract of construction, improvement, or repair upon property annexed to real estate if the property will be transferred to an organization listed in subdivisions (a) through (i) of section 77-2704.12(1).

Incorporates Provisions of LB 1040

This aspect of the amendment would make changes regarding the nonrefundable income tax credit for taxable years beginning on or after January 1, 2024 for any grocery store retailer or restaurant that donates food to a food pantry, food bank, or food rescue during the taxable year and any agricultural producer that makes a qualifying agricultural food donation to a food bank, food pantry, or food rescue during the taxable year.

The credit is equal to 50% of the value of the food donations or qualifying agricultural food donations made during the taxable year, not to exceed \$2,500. Any amount of the credit that the taxpayer is prohibited from claiming in a taxable year could be carried forward to any of the three subsequent taxable years.

The DOR could approve up to \$1 million of credits each year, a change from \$0 of credits each year currently.

This aspect of the amendment would also make changes so that any amount relating to such food donations or qualifying agricultural food donations that was deducted as a charitable contribution on the taxpayer's federal income tax return must be added back in the determination of Nebraska taxable income before the credit may be claimed.

Incorporates Provisions of LB 1002 with Modifications

This aspect of the amendment would make changes to the Nebraska Biodiesel Tax Credit Act. The bill would change the limits for the credits so that the limit would increase from \$1 million to \$1.5 million for calendar year 2025 and then would increase to \$2 million for any calendar year after. The bill would also change the sunset date from December 31, 2028 to December 31, 2029.

AM3260

Incorporates Provisions of LB 1047

This aspect of the amendment would add the definition of biomass feedstock to section 66-482.

This aspect of the amendment would retain the excise tax of 1.25 cents per gallon on ethanol producers. The bill would make changes so that the tax would be on gasoline, natural gasoline, or any other gasoline component, including, but not limited to, any gasoline component produced from biomass feedstock, purchased for use as a denaturant by the producer at an ethanol facility and 2% of agricultural ethyl alcohol sold that is unfit for beverage purposes and does not meet the American Society for Testing and Materials D4806 standards. The tax revenue is remitted to the State Treasurer for credit to the Agricultural Alcohol Fuel Tax Fund.

The bill would make changes to section 66-489(4) so that in addition to natural gasoline purchased for use as a denaturant by a producer at an ethanol facility being exempt from the specified taxes in the bill, gasoline, or any other gasoline component, including but not limited to, any gasoline component produced from biomass feedstock purchased for use as a denaturant by a producer at an ethanol facility would also have that exemption.

This aspect of the amendment would become operative on August 1, 2024.

After consideration of the estimates to the increase in the Agricultural Alcohol Fuel Tax Fund as a result of this aspect of the amendment by the DOR and the Nebraska Ethanol Board, we have estimated the increase to this Cash Fund by averaging the estimates of the two agencies. The increase to this Cash Fund in FY25 is estimated to be \$60,600 and \$81,600 in FY26.

AM3116

Incorporates Provisions of LB 58

This aspect of the amendment would provide a sales and use tax exemption for diapers.

The operative date of this aspect of the amendment would be October 1, 2024.

The DOR estimates the following impact to General Fund revenues as a result of this bill:

	FY 24-25	FY 25-26	FY 26-27
Cast and Crew Nebraska Act	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)
Nebraska Shortline Rail Modernization Act	\$ (1,252,000)	\$ (2,000,000)	\$ (2,000,000)
Nebraska Pregnancy Help Act	\$ -	\$ (1,800,000)	\$ (2,000,000)
Intellectual Developmental Disabilities Support Act	\$ -	\$ (2,250,000)	\$ (2,500,000)
Medical Debt Relief Act	Indeterminant	Indeterminant	Indeterminant
Sustainable Aviation Fuel Tax Credit Act	\$ -	\$ (2,750,000)	\$ (5,225,000)
Caregiver Tax Credit Act	\$ -	\$ (2,500,000)	\$ (2,500,000)
Reverse Osmosis System Tax Credit Act	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)
Nonprofit Organizations	\$ (2,021,000)	\$ (3,183,000)	\$ (3,343,000)
Food Donation Tax Credit	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)
Sales Tax Exemption-Diapers	\$ (1,703,000)	\$ (2,683,000)	\$ (2,817,000)
Nebraska Biodiesel Tax Credit Act	\$ -	\$ (500,000)	\$ (1,000,000)
Total General Fund Revenues	\$ (8,476,000)	\$ (21,166,000)	\$ (24,885,000)

The DOR estimates the following revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund, which is distributed to cities and counties, as a result of the diaper and nonprofit sales and use tax exemptions:

	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund
FY24-25	\$ (25,000)	\$ (141,000)
FY25-26	\$ (42,000)	\$ (238,000)
FY26-27	\$ (44,000)	\$ (249,000)

The DOR estimates a need for a one-time programming charge of \$719,367 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill with a maintenance cost in subsequent years of \$58,772. The DOR also estimates a need for 1.0 FTE IT Business Systems Analyst/Coordinator, 2.0 FTE Revenue Operations Clerk II, and 1.0 FTE Revenue Tax Specialist Senior as a result of the bill.

There is no basis to disagree with these estimates by the DOR. However, the DOR does not assume any salary or benefits increases for FY25-26 and FY26-27 for the additional personnel needed pursuant to this bill's provisions. While the actual salary and health insurance increases for FY25-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY24-25 will have ongoing rising costs associated with salary and health insurance increases, which are normally addressed in the biennial budget process for all bargaining and non-bargaining employees.

The DED estimates a need for an Economic Development Manager and an Economic Development Consultant II as well as operating costs that include OCIO costs of \$100,000 and for additional rented office space as a result of this bill.

There is no basis to disagree with these estimates by the DED. However, the DED does not assume any salary or benefits increases for FY25-26 for the additional personnel needed pursuant to this bill's provisions. While the actual salary and health insurance increases for FY25-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY24-25 will have ongoing rising costs associated with salary and health insurance increases, which are normally addressed in the biennial budget process for all bargaining and non-bargaining employees.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 937 AM: 3132 AGENCY/POLT. SUB: State Treasurer

REVIEWED BY: Ann Linneman DATE: 3-25-2024 PHONE: (402) 471-4180

COMMENTS: The State Treasurer's assessment of no fiscal impact seems reasonable given the assumptions used.

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

2024

LB⁽¹⁾ 937 AM3132

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 03/21/2024 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 937 as amended by AM3132 would adopt the Caregiver Tax Credit Act (LB937), adopt the Nebraska Pregnancy Help Act (LB606), extend a sales and use tax exemption to another type of nonprofit (LB901), change the tax credit limits and sunset date under the Biodiesel Tax Credit Act (LB1002), adopt the Cast and Crew Nebraska Act, (LB1022), adopt the Individuals with Intellectual Developmental Disabilities Support Act (LB1025), change a tax credit for grocery stores who donate to food banks (LB1040), adopt the Sustainable Aviation Fuel Tax Credit Act (LB1072), adopt the Nebraska Shortline Rail Modernization Act (LB1084), adopt the Medical Debt Relief Act (LB1158), and adopt the Reverse Osmosis System Tax Credit Act. Of these bills, only the Cast and Crew Nebraska Act would affect DED operations.

LB937 as amended by AM3132 would provide a refundable and transferrable income tax for qualifying productions companies. A production company would apply to DED for a tax credit of between 20% and 35% of qualifying expenditures, up to \$1.5 million dollars per year. The total amount of tax credits that DED may allow in any calendar year is \$1.5 million. DED would be required to create an application, accept a nonrefundable \$500 fee, screen and approve applications, notifying production companies of approval, conducting audits of each qualified production activity, and notifying the Department of Revenue of the tax credit recipients.

LB0937 as amended by AM3132 would also the create a new grant program to be funded from the Nebraska Film Office Fund, administered by DED. The new program includes grants for Nebraska filmmakers and tribal communities in Nebraska. Eligibility for this grant includes films produced in Nebraska, tell a Nebraska story, and is comprised of at least 50% a Nebraskan workforce. The bill includes language that would require the department to award grants for a total of four full-length films or documentaries and ten short-length films or documentaries each calendar year. The grants would not exceed \$250,000 for full-length features and \$25,000 for short-length features. Total grants awarded for a year shall not exceed \$1.325 million. In addition, the bill would create a grant program for film and entertainment education programs in tribal communities in Nebraska, with grants for that totaling at least \$75,000 each calendar year. Production companies that receive tax credits under the Cast and Crew Nebraska act would not be eligible for a Nebraska Film Office grant.

Although LB937 as amended, reduces the total amount available for the film credit from \$25 million to \$1.5 million, DED still expects that for a full year of operations, approximately four applications each year will apply to receive Nebraska tax credits. The Department believes it will need the services of an Economic Development Manager and an Economic Development Consultant II to administer the tax credit program and expanded film grant program. Duties include, issuing tax documents, implementing the grant program, managing grants, collecting data, conducting audits, and completing reports. The department is also required to promulgate rules and regulations for the program. Operating costs include \$100,000 one-time costs for OCIO programming. Operating expenses include \$100,000 for programming costs to develop a paperless reporting system for the tax credit that can pass tax credit information to the Department of Revenue, and \$5,230 for additional rented office space.

The bill as drafted does not contain any intent language to transfer funds to the Film Office Fund. That fund currently has a balance of approximately \$818,000, all of which is under contract for the current film grant program. DED assumes film tax credits awarded in FY2023-24 will amount to approximately ¼ of the available \$1.5 million and will be paid out in the Spring of 2025

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ Dev Manager	1.00	1.00	\$72,650	\$72,650
A40912 Econ Bus Dev Consultant II	0.75	1.00	51,360	68,480
Total	1.75	2.00	124,010	144,130
Benefits			43,400	51,860
Operating(includes \$100,000 OCIO Costs).....			137,320	45,020
Travel			12,400	14,820
Capital outlay			17,200	
Aid				
Capital improvements				
TOTAL			\$334,330	\$252,830

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

2024

LB⁽¹⁾ 937 (AM3205, AM3206, AM3260, AM3116)

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Ethanol Board (Agency #60)

Prepared by: ⁽³⁾ Reid Wagner Date Prepared: ⁽⁴⁾ 4/2/2024 Phone: ⁽⁵⁾ (402) 471-2941

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	_____	\$55,200	_____	\$60,200
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	\$55,200	=====	\$60,200

Explanation of Estimate:

AM3260, which was adopted to LB937, included the provisions of LB1047 without alteration. AM3205, AM3206, and AM3116 do not alter revenues or expenditures of the Nebraska Ethanol Board (NEB). Therefore, LB937 as amended reflects the same fiscal note as LB1047. The full analysis and estimates from the NEB for LB1047 are once again included below for convenience:

Nebraska Ethanol Board (NEB) revenue has recently decreased due to select Nebraska ethanol producers beginning to utilize denaturants other than the common product class of 'natural gasoline'. Additionally, select Nebraska ethanol producers have increased sales of ethanol that no longer meet the standards outlined in ASTM D4806, which includes the sale of exported ethanol that no longer needs to be denatured onsite due to federal regulatory changes.

As written, LB 1047 creates a framework by which the Agricultural Alcohol Fuel Tax Fund may be assessed on the purchase of new denaturants other than the common product class of 'natural gasoline', and the sale of ethanol that no longer meet the standards outlined in ASTM D4806. It is important to note that this assessment will be at the same historic rate that all Nebraska ethanol producers are already accustomed to remitting.

The revenue impacts of LB 1047 were estimated through an analysis incorporating motor fuels consumption trends in the U.S., an outlook on ethanol export demand from the U.S., and Nebraska ethanol production data gathered by the agency.

First, according to the U.S. Energy Information Administration, the total U.S. motor fuels consumption across both motor gasoline and ethanol has been similar across recent fiscal years (staying within 1% by volume year-over-year). Second, several key export markets serviced by Nebraska ethanol producers have implemented favorable biofuels policies that will increase ethanol demand. These two trends signal that the overarching fuels markets will remain consistent, while necessitating greater volumes of exported ethanol.

Nebraska ethanol production data was then utilized to project FY24/25 and FY25/26 revenue following the implementation of LB 1047. The changes outlined in LB 1047 return NEB revenues to an amount similar to those collected in FY21/22.

With an effective date of August 1, 2024, NEB revenue will increase by approximately \$55,200 in FY24/25 (relative to the projected revenue of FY23/24) and \$60,200 in FY25/26 (relative to the projected revenue of FY23/24).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	NUMBER OF POSITIONS		2024-25	2025-26
	<u>24-25</u>	<u>25-26</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.

2024

LB⁽¹⁾ 937, AM 3132

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ March 21, 2024 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Explanation of Estimate:

LB 937, AM 3212 states that the State Treasurer shall enter into a contract with a Medical Debt Relief Coordinator.

The Treasurer can likely absorb any increased personnel and operating costs to manage the Medical Debt Relief Coordinator contract. There will be a fiscal impact to the Treasurer’s Office for the Medical Debt Relief Coordinator, however, the cost to hire a contractor is not known.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: James R. Kamm		Date Prepared: LEAVE BLANK				
		Phone: 471-5896				
	FY 2024-2025		FY 2025-2026		FY 2026-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$1,030,367	\$(8,476,000)	\$349,772	\$(21,166,000)	\$349,772	\$(24,885,000)
Cash Funds		\$(75,000)		\$(135,000)		\$(132,000)
Federal Funds						
Other Funds		\$(25,000)		\$(42,000)		\$(44,000)
Total Funds	\$1,030,367	\$(8,576,000)	\$349,772	\$(21,343,000)	\$349,772	\$(25,061,000)

AMs 3205, 3206, 3260, and 3116 to LB 937 includes the followings:

LB 1022 – The Cast and Crew Nebraska Act.

Section 1 to 13 of AM 3206 creates the Cast and Crew Nebraska Act (CCN Act). Starting with taxable years beginning on or after January 1, 2024, a production company will be eligible to receive refundable income tax credits equal to 20% of the qualifying expenditures incurred by a production company directly attributable to a qualified production activity. There are three items that can increase the amount of the tax credit.

The maximum allowable credit claimed in any single tax year for “any qualified production activity that is a full-length film, made-for-television movie, television series of at least five episodes, or streaming television series” is limited to \$1.5 million. The total amount of allowable tax credits claimed in a year under the Act is capped at \$1.5 million.

The tax credits can be transferred to another production company during the taxable year in which the certificate was received or in the three taxable years following the year of issuance. The transferee must pay the transferor at least 85% of the value of the transferred credits to acquire the credits.

CCN Act amends several sections of Chapter 77 to add the CCN Act to the list of refundable income tax credits for individuals, estates and trusts, and corporate taxpayers. Specifically states a production company that receives tax credits under the Act shall not be eligible for a grant under Neb. Rev. Stat. § 81-1220(3).

LB 1084 – Nebraska Shortline Rail Modernization Act.

Section 14 to 23 of AM 3206 creates the Nebraska Shortline Rail Modernization Act (NSRM Act). The NSRM Act creates a nonrefundable income tax credit for tax years beginning January 1, 2024, on qualified shortline maintenance expenditures by any railroad located in Nebraska for Class III railroad.

The nonrefundable tax credit is equal to 50% of the qualified shortline railroad maintenance expenditures incurred during the taxable year by the taxpayer not to exceed the amount equal to \$5,000 times the number of miles or railroad track owned or leased in Nebraska by the taxpayer at the end of the taxable year. Qualified shortline

Major Objects of Expenditure

Class Code	Classification Title	24-25	25-26	26-27	24-25	25-26	26-27
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
S29112	Revenue Op Clerk II	2.0	2.0	2.0	\$75,500	\$75,500	\$75,500
A07082	Information Technology Business Systems Analyst/Coordinator	1.0	1.0	1.0	\$71,600	\$71,600	\$71,600
A29622	Revenue Tax Specialist Senior	1.0	1.0	1.0	\$71,700	\$71,700	\$71,700
	Benefits.....				\$72,200	\$72,200	\$72,200
	Operating Costs.....				\$719,367	\$58,772	\$58,772
	Travel.....						
	Capital Outlay.....				\$20,000		
	Capital Improvements.....						
	Total.....				\$1,030,367	\$349,772	\$349,772

railroad maintenance expenditures include gross expenditures for railroad infrastructure maintenance and capital improvement. Expenditures do not include expenditures used to generate a federal tax credit or expenditures funded by a grant. The total amount of credit is \$2 million per year for qualified shortline railroad maintenance expenditures.

Applications are submitted to the Department of Revenue (DOR) by May 1 of the calendar year immediately following the calendar year in which the expenditures were incurred. DOR will consider applications in the order received. The application will list the amount of qualified expenditures incurred. If DOR approves the application, a tax certificate will be issued. The certificate will list the identification number of the certificate, the date of issuance, and amount of tax credit allowed.

The tax credit certificate will be attached to the income tax return when claiming the credit. Any unused credit can be used for the next five taxable years immediately following the taxable year in which the credit was first allowed. Credits can also be distributed in the same manner as an income by an S corporation, partnership, estate or trust to partners, members, shareholders, or beneficiaries. The credit can also be utilized by a financial institution as a credit against franchise tax.

The credit is allowed to be assigned by the taxpayer to another taxpayer at any time during the first year the credit was allowed or five following years. The assignor and assignee file a jointly written agreement with DOR within 30 days of assignment. The written agreement will contain the name, address, and taxpayer identification, number of the parties to the assignment, the taxable year the taxpayer incurred the expenditures, the amount of credit being assigned, and all taxable years for which the credit may be claimed.

No new applications can be submitted after December 31, 2033.

LB 606 – Nebraska Pregnancy Help Act.

AM 3205 creates the Nebraska Pregnancy Help Act (NPH Act). It provides a non-refundable tax credit in the amount of the lesser of:

- (a) The total amount of contributions made to an eligible charitable organization; or
- (b) 50% of the income tax liability of the taxpayer for the tax year.

The taxpayer may only claim the portion of the contribution that was not claimed as a charitable contribution on their federal tax return.

Eligible charitable organization (ECO) means an organization that:

- (a) Is exempted from federal income taxation under IRC § 501(c)(3);
- (b) Does not receive more than 75% of its total annual revenue from federal, state, or local governmental grants or sources, either directly or as a contractor;
- (c) Is a pregnancy help organization that:
 - i. Regularly answers a dedicated telephone number for clients;
 - ii. Maintains its physical office, clinic, or maternity home in the State;
 - iii. Offers services at no cost to the client for the express purposes of providing assistance to women in order to carry their pregnancies to term, encourage and enable parenting or adoption, prevent abortion, and promote healthy childbirths; and
 - iv. Utilizes licensed medical professionals for any medical services offered;

- (d) Does not provide, pay for, provide coverage of, refer for, recommend, or promote abortions and does not financially support any entity that provides, pays for, provides coverage of, refers for, recommends, or promotes abortions, including nonsurgical abortions; and
- (e) Is approved by the Department of Revenue (DOR) as an ECO.

Taxpayers that make one or more cash contributions to ECOs during a tax year will be eligible for the credit, including an individual; an estate or trust; a corporate taxpayer as defined in section 77-2734.04; or a partnership, LLC or S-Corp which is carrying on any trade or business for which deductions would be allowed under IRC § 162 or is carrying on any rental activity.

- Taxpayers who are married but file separate returns but could have filed a joint return may each claim only half of the tax credit otherwise available on a joint return.
- For a taxpayer that is a partnership, LLC or S-Corp, the credit must be attributed to each partner, member, or shareholder in the same proportion used to report the partnership, LLC, S-Corp income or loss for income tax purposes.
- Any credit not used by the estate or trust may be attributed to the beneficiary in the same proportion used to report income of the beneficiary from the estate or trust.

Any unused credit may be carried forward and applied against the taxpayer's income tax liability for the next five years immediately following the tax year in which the credit is first allowed. The credit cannot be carried back.

There is a \$2 million annual limit on the total amount of tax credits for each calendar year, beginning 2025. Once credits have reached the annual limit, no additional credits will be allowed for the calendar year. Credits must be prorated among the notifications received on the day the annual limit is exceeded. No more than 50% of the credits allowed for any calendar year can be for contributions to a single ECO.

The Act becomes operative for tax years beginning on or after January 1, 2025.

LB 1025 – Individuals with Intellectual & Development Disability.

Section 34 to 42 of AM 3206 creates the Intellectual and Development Disabilities Support Act (IDDS Act). Medicaid home and community services-based waiver is defined as a Medicaid waiver approved by the federal Centers for Medicare and Medicaid Services under section 1915(c) of the Federal Social Security Act. The Act defines Direct support professional as any individual who is employed in this state and provides direct care support or any other form of treatment services, or care for individuals with intellectual and developmental disabilities.

Beginning January 1, 2025, the IDDS Act allows for three nonrefundable credits for employers and one refundable credit for employees. All four credits require an application and certification with the DOR. DOR must consider each application in the order in which they are received. The annual limit for all the credits combined is \$2.5 million. The credits are claimed on the respective tax return and requires the claimant to attach the tax credit certification received from DOR to the return.

An employer that employs one or more direct support professionals during the taxable year may apply for a nonrefundable credit of \$500 multiplied by the number of direct support professionals who are employed for at least six months and works 500 hours for the employer during the taxable year.

A direct support professional can apply for a refundable credit of \$500 if they are employed as a direct support professional for at least six months and works 500 hours as a direct support professional during the tax year.

An employer that employs an individual receiving services pursuant to a comprehensive developmental disabilities waiver can apply for a nonrefundable credit of \$1,000 multiplied by the number of employees who are receiving services pursuant to a comprehensive developmental disabilities waiver and employed by the employer for at least six months and works 200 hours for the employer during the taxable year.

An employer can apply for a nonrefundable credit for providing the following services: Prevocational; Supported employment – individual; Small group vocational support; or Supported employment – follow along. This is a nonrefundable credit that is equal to \$1,000 multiplied by the number of individuals receiving the support from the employer.

LB 1158 – Medical Debt Relief Act.

Section 43 to 49 and 68 of AM 3206 adopt the Medical Debt Relief Act (MDR Act) and create the Medical Debt Relief Fund (Fund). The Fund is administered by the State Treasurer and will be used to carry out the Act. The Fund will consist of money transferred by the Legislature and money donated as gifts, bequests, or other contributions from public or private entities.

The Act establishes the Medical Debt Relief Program (program) which is administered by the State Treasurer. Under the program, the State Treasurer will contract with a medical debt relief coordinator (coordinator) to discharge medical debt of eligible residents with money allocated for the program.

For taxable years beginning on or after January 1, 2024, an individual may reduce their federal adjusted gross income (AGI) by the amount of interest and principal balance of medical debt discharged under the Act to the extent it is included in the individual's federal AGI. For taxable years beginning on or after January 1, 2024, federal AGI or taxable income, for corporations and fiduciaries, must be reduced by contributions made to the Fund, to the extent it is not deducted federally.

The MDR Act defines an eligible resident as an individual eligible for relief who: (a) is a resident of Nebraska; and (b) has a household income at or below 400% of the federal poverty guidelines or has medical debt equal to 5% or more of the individual's household income. Medical debt means an obligation to pay money arising from the receipt of health care services. Health care provider means (a) a facility licensed under the Health Care Facility Licensure Act; and (b) a health care professional licensed under the Uniform Credentialing Act. Medical debt relief coordinator means a person, company, partnership, or other entity that can discharge medical debt of an eligible resident in a manner that does not result in taxable income for the eligible resident.

LB 1072 – Sustainable Aviation Fuel Tax Credit.

Section 50 to 55 of AM 3206 adopt the Sustainable Aviation Fuel Tax Credit Act (SAFTC Act), which sunsets on January 1, 2035. This is a completely new credit from the one in LB 1072.

For tax years beginning on or after January 1, 2025, any producer or importer of sustainable aviation fuel is allowed a nonrefundable credit against the income tax under the Nebraska Revenue Act, premiums tax under Neb. Rev. Stat. §§77-907 to 77-917, or financial institutions tax under §§ 77-3801 to 77-3807 for any sale or use of a qualified mixture. To qualify for the credit, the producer or importer must register with the Nebraska Department of Revenue (DOR), and provide certification from an unrelated party demonstrating compliance with (A) any general requirements, supply chain traceability requirements, and information transmission requirements established under the Carbon Offsetting and Reduction Scheme for International Aviation described in section 51(5)(a) of the SAFTC Act; (B) in the case of the methodology described in section 51(5)(b), provide similar requirements to those described in section 51(3)(B)(i)(A).

The credit equals the number of gallons of sustainable aviation fuel in all sold or used qualified mixtures multiplied by the sum of \$0.75 plus the applicable supplementary amount. The applicable supplementary amount is an amount equal to \$0.01 for each percentage point by which a lifecycle greenhouse gas emissions reduction percentage of the sustainable aviation fuel exceeds 50, not to exceed \$.50. The lifecycle greenhouse gas emissions reduction percentage is the percentage reduction achieved by sustainable aviation fuel as compared to petroleum-based jet fuel, as defined by the SAFTC Act. The credit can only be claimed by a producer or importer for a total of five taxable years. Any credit allowable to a partnership, LLC, S corporation, or estate or trust may be distributed to the partners, members, shareholder, or beneficiaries in the same manner as income is distributed.

The SAFTC provides the following definitions. Sustainable aviation fuel means liquid fuel, the portion of which is not kerosene, that (a) meets the requirements of (i) the American Society for Testing and Materials International Standard D7566; or (ii) the Fischer-Tropsch provisions of the American Society for Testing and Materials International Standard D1655, Annex A1; (b) is not derived from coprocessing an applicable material or materials derived from an applicable material with a feedstock which is not biomass; (c) is not derived from palm or palm derivatives; and (d) has been certified as a lifecycle greenhouse gas emissions reduction percentage of at least 50%. Applicable material means: (a) monoglycerides, diglycerides, and triglycerides; (b) free fatty acids; and (c) fatty acid esters. Biomass has the same means as in 26 U.S.C. 45K(c)(3), as such section existed on January 1, 2024.

Qualified mixture means the mixture of sustainable aviation fuel and kerosene if (a) such mixture is produced by a taxpayer in the U.S.; (b) such mixture is used by the taxpayer or sold by the taxpayer for use in an aircraft; (c) such sale or use is in the ordinary course of a trade or business of the taxpayer; and (d) the transfer of such mixture to the fuel tank of such aircraft occurs in the U.S.

The credit is not limited to fuel produced in Nebraska or imported into Nebraska.

LB 0937 – Caregiver Tax Credit Act.

Sections 56 to 59 of AM 3206 adopt the Caregiver Tax Credit Act (CTC Act).

For all tax years beginning on or after January 1, 2025, the Act allows a nonrefundable credit equal to 50% of the eligible expenditures incurred during the tax year by a family caregiver for the care and support of an eligible family member. The maximum credit in a single tax year is \$2,000, but if the eligible family member is a veteran or is diagnosed with dementia the maximum credit is \$3,000. If two or more family caregivers claim the tax credit for the same eligible family member, the maximum credit must be allocated in equal amounts between each family caregiver. Any unused amount may not be carried forward.

Family caregiver means an individual who (a) is providing care and support for an eligible family member; (b) has a federal adjusted gross income of less than \$50,000 or, if filing as “married couple jointly”, less than \$100,000; and (c) who has personally incurred uncompensated expenses directly related to the care of an eligible family member.

Eligible family member means an individual who (a) requires assistance with at least two activities of daily living as certified by a licensed health care provider; (b) qualifies as a dependent, spouse, parent, or other relation by blood or marriage to the family caregiver; and (c) lives in a private residence and not an assisted living center, nursing facility, or residential care home. The Act defines activities of daily living as including the following defined terms of ambulating, feeding, dressing, personal hygiene, continence, and toileting.

Eligible expenditure includes:

- (i) The improvement or alteration to the primary residence of the family caregiver or eligible family member to permit the eligible family member to live in the residence and to remain mobile, safe, and independent.
- (ii) The purchase or lease of equipment by the family caregiver, including, but not limited to, durable medical equipment, that is necessary to assist an eligible family member in carrying out one or more activities of daily living; and
- (iii) Other paid or incurred expenses by the family caregiver that assist the family caregiver in providing care to an eligible family member such as expenditures related to: (A) hiring a home care aide; (B) respite care; (C) adult day care; (D) personal care attendants; (E) Health care equipment; and (F) technology.

The eligible expenditure must be directly related to assisting the family caregiver in providing care to an eligible family member. Eligible expenditure does not include carrying out general household maintenance activities, such as painting, plumbing, electrical repairs, or exterior maintenance.

DOR must approve the application and certify the amount of the approved tax credit if the family caregiver qualifies. DOR must consider applications in the order received and may approve up to \$2.5 million in tax credits a year. The DOR may adopt and promulgate rules and regulations necessary to carry out the CTC Act.

LB 1184 – Reverse Osmosis System Tax Credit.

Section 60 to 63 of AM 3206 adopt the Reverse Osmosis System Tax Credit Act (ROSTC Act). AM 3206 includes the original provisions of LB 1184 and adds an additional item to be included in the test results of the drinking water to qualify for the tax credit from the original provisions of LB 1184. To qualify for the tax credit, the test results must show level for uranium exceeds thirty micrograms per liter or thirty parts per billion in addition to the other items listed in LB 1184. AM 3206 adds provision to the ROSTC Act that the Department of Revenue must consider applications in the order received and sets a limit of \$1 million for the approved tax credits each year. Operative date of the ROSTC Act is 3 months after session ends.

AM 3206 removes from LB 1184, the requirement that the Department of Natural Resources; and the Department of Environment and Energy have a real-time nitrate management plan in place by August 31, 2024 with full implementation complete by January 1, 2025. The plan was to consider how state agencies, natural resources districts, farmers, and irrigators can obtain data to reduce fertilizer use and reuse nitrates contained in groundwater through the irrigation systems which will lower input costs and reduce nitrate levels statewide.

LB 0901 – Nonprofit Organizations.

Section 66 of AM 3206 creates a new category for another type of organization that can be granted the sales and use tax exemption provided by Neb. Rev. Stat. § 77-2704.12. An exemption will be granted to any nonprofit organization that:

- 1) is going to acquire property that will be transferred to any of the organizations listed in § 77-2704.12(1)(a) through (i), or
- 2) enters into a contract for construction, improvement, or repair of property annexed to real estate if that property will be transferred to any of the organizations listed in § 77-2704.12(1)(a) through (i). The exemption is granted until the property is transferred, or the contract is completed.

The operative date for section 66 of AM 3206 is October 1, 2024.

LB 1002 – Nebraska Biodiesel Tax Credit.

Section 73 of AM 3206 amends §77-7012(2) under the Nebraska Biodiesel Act. It increases the credit limits to \$1 million for calendar year 2024, \$1.5 million for calendar year 2025, and \$2 million for calendar year 2026 and each calendar year after.

LB 1040 – Food Donation

Sec. 71 of AM 3206 provides that the DOR may approve up to \$1 million in nonrefundable tax credits for food bank, food pantry, or food rescue donations by grocery store retailers, restaurants, and agricultural producers each year for taxable years beginning on or after January 1, 2024. In addition, it requires that any donation or qualifying agricultural donation amount that was deducted as a charitable donation on the taxpayer’s federal income tax return must be added back in the determination of Nebraska taxable income before the credit provided in this section may be claimed.

AM 3260 – Motor Fuels

AM 3260 expands a specific excise tax imposed on each producer of ethanol that was previously limited to natural gasoline purchased for use as a denaturant. This tax is deposited into the Agricultural Alcohol Fuel Tax Fund. The one and one-quarter cents per gallon tax will be due on:

- 1) “gasoline”, “natural gasoline,” and “any other gasoline components including, but not limited to, a gasoline component produced biomass feedstock purchased for use as a denaturant by the producers at an ethanol facility; and
- 2) “two percent of agricultural ethyl alcohol sold that is unfit for beverage purposes and does not meet the American Society for Testing and Materials D4806 standards”.

AM 3260 also expands the exemption from motor fuels tax on natural gasoline purchased for use as a denaturant by a producer at an ethanol facility to also include gasoline, or any other gasoline component, including, but not limited to, any gasoline component produced from biomass feedstock when that product is purchased for use as a denaturant.

AM 3260 adds a definition for “biomass feedstock” to Neb. Rev. Stat. § 66-482 and reorganizes and clarifies other definitions but without changing their meaning.

AM 3260 eliminates obsolete provisions in Neb. Rev. Stat. § 66-489 (2)(b) that were effective in fiscal years 2011-12 and prior fiscal years, and it outright repeals § 66-4,146.01, which imposed a floor-stocks tax on agricultural ethyl alcohol on January 1, 2005. Finally, it harmonizes provision by cross-referencing this Act to the Ethanol Act and the Renewable Chemical Production Tax Credit Act.

AM 3116 – Sales Tax Exemption

AM 3116 amends sections §§77-2701, 77-2701.04,77-2711, 77-2713, and 77-27,223 to provide a sales and use tax exemption for diapers. The effective date of AM 3116 is October 1, 2024.

Fiscal Impact:

The estimated fiscal impact to the General Fund revenues for LB 937 AMs 3025, 3206, 2360, and 3116 would be as follows:

	FY2024-25	FY2025-26	FY2026-27
The Cast and Crew Nebraska Act	\$ (1,500,000)	\$ (1,500,000)	\$ (1,500,000)
Nebraska Shortline Rail Modernization Act	\$ (1,252,000)	\$ (2,000,000)	\$ (2,000,000)
Nebraska Pregnancy Help Act	\$ -	\$ (1,800,000)	\$ (2,000,000)
Individuals With Intellectual & Development Disability	\$ -	\$ (2,250,000)	\$ (2,500,000)
Medical Debt Relief Act	Indeterminable	Indeterminable	Indeterminable
Sustainable Aviation Fuel Tax Credit	\$ -	\$ (2,750,000)	\$ (5,225,000)
Caregiver Tax Credit Act	\$ -	\$ (2,500,000)	\$ (2,500,000)
Reverse Osmosis System Tax Credit	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)
Nonprofit Organization	\$ (2,021,000)	\$ (3,183,000)	\$ (3,343,000)
Food Donation	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)
Sales Tax Exemption on Diapers	\$ (1,703,000)	\$ (2,683,000)	\$ (2,817,000)
Nebraska Biodiesel Tax Credit	\$ -	\$ (500,000)	\$ (1,000,000)
Total GF Revenues	\$ (8,476,000)	\$ (21,166,000)	\$ (24,885,000)

Section 66 of AM 3206 and AM 3116 is estimated to have the following impact to the Highway Allocation Fund and the State Highway Capital Improvement Fund.

	Highway Allocation Fund (Cities and Counties)	Highway Trust Fund
FY24-25	\$ (25,000)	\$ (141,000)
FY25-26	\$ (42,000)	\$ (238,000)
FY26-27	\$ (44,000)	\$ (249,000)

AM 3260 will increase the Agricultural Alcohol Fuel Tax Fund as follows:

	Agricultural Alcohol Fuel Tax Fund
FY24-25	\$ 66,000
FY25-26	\$ 103,000
FY26-27	\$ 117,000

AM 3205, 3206, 3260, and 3116 will require a one-time programming charge of \$719,367 paid to the OCIO for adding new schedules and 6 lines to 1040N, 4 lines to 1120N, 4 lines to 1041N, 2 lines to 1065N, 6 lines to NebFile for Individuals income tax filing system, 4 lines to Business MeF, 3 pages to eDASH, 3 unique mainframe tracking system, and 1 unique web application system. The maintenance cost of tracking system and web application would be \$58,772 in subsequent years.

The DOR also needs to a hire 1.0 FTE at the IT Business Systems Analyst/Coordinator level II, 2.0 FTE of Revenue Operation Clerk II, and 1.0 FTE of Revenue Tax Specialist Senior for the implement of LB 937 amended by AMs 3205, 3206, 3260, and 3116.