

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		(\$569,623,000)		(\$1,389,404,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$569,623,000)		(\$1,389,404,000)

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

LB 239 seeks to change the individual income tax brackets and rates for taxable years beginning on or after January 1, 2024 to the following:

LB 239 Individual Income Tax Brackets and Rate					
Bracket	Single and Married Filing Separate	Married Filing Jointly	Head of Household	Estates and Trusts	Tax Rate
1	\$0 - \$27,499	\$0 - \$54,999	\$0 - \$54,999	\$0 - \$54,999	0.00%
2	\$27,500 - \$30,499	\$55,000 - \$60,999	\$55,000 - \$60,599	\$55,000 - \$55,499	2.46%
3	\$30,500 - \$45,499	\$61,000 - \$90,999	\$60,600 - \$83,799	\$55,500 - \$59,699	3.51%
4	\$45,500 - \$56,499	\$91,000-\$112,999	\$83,800 - \$97,999	\$59,700 - \$70,149	5.01%
5	Over \$56,500	Over \$113,000	Over \$98,000	Over \$70,150	Top Rate

The Top Rate would be the following:

- 6.44% for taxable years beginning on or after January 1, 2024, and before January 1, 2025
- 6.24% for taxable years beginning on or after January 1, 2025, and before January 1, 2026
- 6.00% for taxable years beginning on or after January 1, 2026, and before January 1, 2027
- 5.84% for taxable years beginning on or after January 1, 2027

For taxable years beginning on or after January 1, 2025, the Tax Commissioner would adjust the income tax brackets based on the percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics from the 12 months ending on August 31, 2023, to the 12 months ending on August 31 of the year preceding the taxable year.

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

- FY23-24: (\$569,623,000)
- FY24-25: (\$1,389,404,000)
- FY25-26: (\$1,441,899,000)
- FY26-27: (\$1,501,879,000)
- FY27-28: (\$1,582,809,000)

The DOR estimates that there will be minimal costs to it to implement the bill.

There is no basis to disagree with these estimates.

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

LB: 239 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Neil Sullivan DATE: 3/20/2023 PHONE: (402) 471-4179

COMMENTS: The Department of Revenue assessment of fiscal impact from LB 239 appears reasonable.

The estimated fiscal impact to the General Fund revenues would be as follows:

FY 2023-24	\$ (569,623,000)
FY 2024-25	\$ (1,389,404,000)
FY 2025-26	\$ (1,441,899,000)
FY 2026-27	\$ (1,501,879,000)
FY 2027-28	\$ (1,582,809,000)

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.