John Wiemer February 17, 2023 402-471-0051

LB 689

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202	23-24	FY 2024-25					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS								
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS								

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

LB 689 seeks to amend provisions of the Nebraska Property Tax Incentive Act. Under the bill, starting in taxable year 2026, the refundable credit against the income or franchise tax would be 100% of the community college taxes paid during the taxable year.

The bill also makes changes so that before the 2026 taxable year, for any fiscal year or short year taxpayer, a credit can be claimed in the first taxable year that begins following the calendar year for which the credit percentage was determined. The credit would be taken for the community college taxes paid by the taxpayer during the immediately preceding calendar year.

The Department of Revenue (DOR) estimates the following reduction to General Fund revenues from this bill:

Fiscal Year	General Fund Revenue				
FY2023-24	\$	-			
FY2024-25	\$	-			
FY2025-26	\$	-			
FY2026-27	\$ (9	92,436,000)			
FY2027-28	\$ (9	95,671,000)			
FY2028-29	\$ (9	99,019,000)			
FY2029-30	\$ (10	02,485,000)			

The DOR estimates minimal costs for 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: 689	LB: 689 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED B	Y: Neil Sullivan	DATE: 2/21/2023	PHONE: (402) 471-4179				
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 689 appears reasonable.							

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFO:							
Approved by: Glen White		Date Prepared:	02/17/2023		Phone: 471-5896		
	FY 2023-2024		FY 2024-2025		FY 2025-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ 0		\$ 0		\$ 0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		\$ 0	

LB 689 changes the refundable credit for community college property taxes paid. For taxable years beginning on and after January 1, 2026, the credit will be 100% of the community college property taxes paid during the taxable year.

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

Fiscal Year	General Fund Revenue			
FY2023-24	\$	-		
FY2024-25	\$	-		
FY2025-26	\$	-		
FY2026-27	\$ (92,4	436,000)		
FY2027-28	\$ (95,	671,000)		
FY2028-29	\$ (99,	019,000)		
FY2029-30	\$ (102,4	485,000)		

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

Major Objects of Expenditure							
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>
Benefits	·						
Operating Costs							
Travel							
Capital Outlay							
Capital Improvements							
Total							