PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 26, 2024 402-471-0051

## **LB 1040**

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202	4-25	FY 2025-26					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$180,144	(\$1,000,000)		(\$1,000,000)				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$180,144	(\$1,000,000)		(\$1,000,000)				

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

LB 1040 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 Department of Revenue (DOR) could approve up to \$1 million of credits each year, a change from \$0 of credits each year currently.

The bill 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.

The DOR estimates the credits will be fully utilized. Therefore, General Fund revenues are estimated to decrease by \$1,000,000 each fiscal year starting in FY25 as a result of this bill.

The DOR also estimates a need for a one-time programming cost of \$180,144 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill.

There is no basis to disagree with these estimates.

LB 1040 Fiscal Note 2024

State Agency Estimate								
State Agency Name: Department of Revenue			Date Due LFO:					
Approved by: James R. Kamm		Date Prepared:	02/23/2024		Phone: 471-5896			
	FY 2024-2025		FY 2025-2026		FY 2026-2027			
	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue		
General Funds	\$180,144	(\$1,000,000)		(\$1,000,000)		(\$1,000,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$180,144	(\$1,000,000)		(\$1,000,000)		(\$1,000,000)		

LB 1040 provides that the Department of Revenue (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, LB 1040 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.

Using data from the U.S. Census Bureau, DOR estimates that the maximum amount of credits will be utilized.

LB 1040 will require a one-time programming charge of \$180,144 paid to the OCIO for adding a line to 1040N, 1120N, 1041N, NebFile for Individuals, and other mainframe and programing cost.

Major Objects of Expenditure								
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures	
Benefits								
Operating Costs	Operating Costs.				\$180,144			
Capital Outlay								
	S							
Total.				\$180,144				