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LB 1040

Revision: 00

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	\$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.

