PREPARED BY: DATE PREPARED: PHONE: Clinton Verner July 30, 2024 402-471-0056

LB 10

Revision: 01

FISCAL NOTE

Revised to include agency comment

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	25-26						
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUNDS		\$243,108,000		\$684,865,000			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		\$243,108,000		\$684,865,000			

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

LB10 would amend the state of Nebraska Individual Income and Corporate Tax rates.

			Difference from current Individual Income Tax Rates (all filers)						
Bracket #		Tax rate	TY24 TY25 TY26 TY27 TY28 TY29 TY30					TY30	
	1	2.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2	3.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	3	Rate Three	0.00%	0.00%	0.46%	1.02%	1.02%	0.56%	0.00%
	4	Rate Four	0.00%	1.64%	2.09%	1.85%	1.21%	0.56%	0.00%

The changes to Corporate Tax rates would be as follows:

For taxable years beginning on or after January 1, 2027 and before January 1, 2028 at a rate equal to 5.58% on the first \$100,000 of taxable income and at the rate of 5.84% on all taxable income in excess of \$100,000;

For taxable years beginning on or after January 1, 2028 and before January 1, 2029, at the rate of 5.20% on all taxable income; For taxable years beginning on or after January 1, 2029 and before January 1, 2030, at the rate of 4.55% on all taxable income; and For taxable years beginning on or after January 1, 2030, at the rate of 3.99% on all taxable income.

Revenue estimates provided by the Department of Revenue are as follows:

Fiscal year	INDIVIDUAL INCOME TAX	CORPORATE INCOME TAX
FY2024-25	\$243,108,000	\$-
FY2025-26	\$684,865,000	\$-
FY2026-27	\$829,864,000	\$32,189,000
FY2027-28	\$741,346,000	\$1,114,919,000
FY2028-29	\$482,745,000	\$161,045,000
FY2029-30	\$176,471,000	\$114,793,000
FY2030-31	\$-	\$45,117,000

We estimate minimal costs to the Department of Revenue resulting from this legislation.

No basis to disagree with the Department of Revenue's estimates as provided.

LB 0010 Fiscal Note 2024

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFO:							
Approved by: James R. Kamm		Date Prepared:	07/29/2024		Phone: 471-5896		
	FY 2024	<u>1-2025</u>	FY 202	<u>5-2026</u>	FY 2020	6-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$243,108,000		\$684,865,000		\$862,053,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$243,108,000		\$684,865,000		\$862,053,000	

LB 10 amends the income and corporate tax rates. The individual and fiduciary rates for the third bracket will be:

- 5.01% for tax years beginning on or after January 1, 2014, and before January 1, 2029.
- 4.55% for tax years beginning on or after January 1, 2029, and before January 1, 2030; and
- 3.99% for tax years beginning on or after January 1, 2030.

The individual and fiduciary rate for bracket 4 will be:

- 6.84% for tax years beginning on or after January 1, 2025, and before January 1, 2026;
- 6.64% for tax years beginning on or after January 1, 2026, and before January 1, 2027;
- 5.84% for tax years beginning on or after January 1, 2027, and before January 1, 2028;
- 5.20% for tax years beginning on or after January 1, 2028, and before January 1, 2029;
- 4.55% for tax years beginning on or after January 1, 2029, and before January 1, 2030; and
- 3.99% for tax years beginning on or after January 1, 2023.

The corporate tax rate will be:

- 5.58% on the first \$100,000 of Nebraska taxable income and 5.84% of Nebraska taxable income in excess of \$100,000 for tax years beginning on or after January 1, 2027, and before January 1, 2028;
- 5.20% on all Nebraska taxable income for tax years beginning on or after January 1, 2028, and before January 1, 2029; and
- 4.55% on all Nebraska taxable income for tax years beginning on or after January 1, 2029, and before January 1, 2030; and
- 3.99% on all Nebraska taxable income beginning on or after January 1, 2030.

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.						
Travel	Travel						
Capital Outlay							
	ts						
Total							

LB 0001 page 2 Fiscal Note 2022

It is estimated that LB 10 will have the following impact to the General Fund revenues:

Fiscal Year	Individual Income Tax	Corporation Income Tax	Т	otal
FY24-25	\$ 243,108,000		\$ 243,	108,000
FY25-26	\$ 684,865,000		\$ 684,	865,000
FY26-27	\$ 829,864,000	\$ 32,189,000	\$ 862,	053,000
FY27-28	\$ 741,346,000	\$ 114,919,000	\$ 856,	265,000
FY28-29	\$ 482,745,000	\$ 161,045,000	\$ 643,	790,000
FY29-30	\$ 176,471,000	\$ 114,793,000	\$ 291,	264,000
FY30-31	\$ -	\$ 45,177,000	\$ 45,	177,000

It is estimated that there will be minimal cost for the Department of Revenue to implement LB 10.