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

**LB 14** 

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)							
	FY 202	24-25	FY 2025-26				
	EXPENDITURES	EXPENDITURES REVENUE		REVENUE			
GENERAL FUNDS	\$200,787	(\$171,456,000)	\$125,700	(\$176,600,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$200,787	(\$171,456,000)	\$125,700	(\$176,600,000)			

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

LB14 creates a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967, allows the use for any individual who rents a house, apartment, or other residential unit in the state during the taxable year for use as such individual's primary residence. The credit is set as equal to five percent of the total amount of the rent paid by the individual during the taxable year.

No basis to disagree with the administrative impact of this legislation to the Department of Revenue as provided by the agency. No basis to disagree with the agency that General Fund revenues could be as high as the estimates as it has provided below:

Fiscal Year	cal Year   General Fund Revenues				
FY24-25	\$	(171,456,000)			
FY25-26	\$	(176,600,000)			
FY26-27	\$	(181,898,000)			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 14	LB: 14 AM: AGENCY/POLT. SUB: Department of Revenue				
REVIEWED	BY: Neil Sullivan	DATE: 7/30/2024	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 14 appears to be reasonable.					

LB 0014 Fiscal Note 2024

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:		07/30/2024		Phone: 471-5896	
	FY 202	<u>4-2025</u>	FY 2025-2026		FY 2026-2027		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$200,787	(\$171,456,000)	\$125,700	(\$176,600,000)	\$125,700	(\$181,898,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$200,787	(\$171,456,000)	\$125,700	(\$176,600,000)	\$125,700	(\$181,898,000)	
Total Funds	\$200,787	(\$1/1,456,000)	\$125,700	(\$176,600,000)	\$125,700	(\$181,8	

For taxable years beginning on or after January 1, 2024, a new refundable tax credit for individuals renting a house, apartment, or other residential unit in Nebraska for use as their primary residence. The credit is 5% of the total of rent paid during the taxable year.

It is estimated that this bill will have the following impacts on General Fund revenues.

Fiscal Year	General Fund Revenues
FY 2024-25	(\$171,456,000)
FY 2025-26	(\$176,600,000)
FY 2026-27	(\$181,898,000)

Note that the bill does not define "other residential unit". The fiscal impact above does not account for residence halls/dorm apartments for college/university or parent charging rents to dependents.

LB 14 requires a one-time programming charge of \$65,087 paid to the OCIO to add a line to Form 1040N and as well as to the NebFile online filing system. The Department of Revenue will also need to hire 2.0 FTE of Fiscal Compliance Analyst to implement the bill.

Major Objects of Expenditure							
Class Code A21211	<u>Classification Title</u> Fiscal Compliance Analyst	24-25 <u>FTE</u> 2.0	25-26 <u>FTE</u> 2.0	26-27 <u>FTE</u> 2.0	24-25 <u>Expenditures</u> \$94.500	25-26 <u>Expenditures</u> \$94,500	26-27 <u>Expenditures</u> \$94,500
AZIZII	Tiscar Compitance Analyst	2.0	2.0	2.0	\$74,500	Ψ24,500	Ψ24,300
Benefits	Benefits.				\$31,200	\$31,200	\$31,200
Operating Costs				\$65,087			
Travel							
Capital Outlay				\$10,000			
Capital Improveme	ents						
Total			\$200,787	\$125,700	\$125,700		