

Revised to include agency responses.

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$200,787	(\$134,210,000)	\$125,700	(\$25,236,000)
CASH FUNDS			(\$113,000,000)	(\$113,000,000)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$200,787</b>	<b>(\$134,210,000)</b>	<b>(\$112,874,300)</b>	<b>(\$138,236,000)</b>

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

LB 20 introduces a new refundable tax credit for Nebraska residents who rent their primary residence. The tax credit is applicable to taxable years starting on or after January 1, 2024. Eligibility is determined for any individual who rents a house, apartment, or other residential unit in Nebraska, provided that the rented property serves as the individual's primary residence during the taxable year. The credit calculation will be based on the greater of four percent of the total rent paid during the taxable year or two hundred dollars, with a maximum limit of one thousand dollars.

The bill decreases the amount allocated under the Property Tax Credit Act, as follows:

- 2023: Minimum relief set at \$360 million.
- 2024: Minimum relief set at \$282 million.
- 2025: Minimum relief set at \$317 million.
- 2026: Minimum relief set at \$332 million.
- 2027: Minimum relief set at \$347 million.
- 2028: Minimum relief set at \$362 million

The Department of Revenue states that the impact of LB 20 requires a one-time programming fee of \$65,087, payable to the OCIO, to include an additional line on Form 1040N and update the NebFile online filing system. Additionally, the department will need to employ two full-time Fiscal Compliance Analysts to implement the provisions of the bill.

The agency estimates the fiscal impact as follows:

	<b>General Fund Revenue</b>	<b>General Fund Expenditure</b>
FY 2024-25	(\$134,210,000)	(\$113,000,000)
FY 2025-26	(\$138,236,000)	(\$113,000,000)
FY 2026-27	(\$142,383,000)	(\$113,000,000)

There is no basis to disagree with the Department's estimates of administrative costs or General Fund revenue loss related to the new rental credit. However, aid pursuant to the Property Tax Credit Act is paid from the cash fund, funded by a General Fund transfer to the cash fund. Estimated gain to the General Fund due to the reduction in the transfer to the Property Tax Credit Cash Fund is:

- FY2024-25: \$0
- FY2025-26: \$113 million
- FY2026-27: \$113 million

In FY26 and FY27, there would be a corresponding decrease in cash fund revenue and cash fund expenditures due to the lower amounts pursuant to the Property Tax Credit Act. There is no impact for FY2024-25 as the bill changes the minimum level of relief under the act, and the amount transferred to the cash fund and appropriated for FY2024-25 exceeds that amount.



LB 20 will require a one-time programming charge of \$65,087 paid to the OCIO to add a line to Form 1040N as well as to the NebFile online filing system. The department will need to hire two FTE Fiscal Compliance Analyst to implement the bill.