PREPARED BY: DATE PREPARED: PHONE: John Wiemer March 20, 2023 402-471-0051

LB 239

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)					
	FY 202	23-24	FY 2024-25		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNDS		(\$569,623,000)		(\$1,389,404,000)	
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS		(\$569,623,000)		(\$1,389,404,000)	

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

LB 239 seeks to change the individual income tax brackets and rates for taxable years beginning on or after January 1, 2024 to the following:

LB 239 Individual Income Tax Brackets and Rate					
Bracket	Single and Married Filing Separate	Married Filing Jointly	Head of Household	Estates and Trusts	Tax Rate
1	\$0 - \$27,499	\$0 - \$54,999	\$0 - \$54,999	\$0 - \$54,999	0.00%
2	\$27,500 - \$30,499	\$55,000 - \$60,999	\$55,000 - \$60,599	\$55,000 - \$55,499	2.46%
3	\$30,500 - \$45,499	\$61,000 - \$90,999	\$60,600 - \$83,799	\$55,500 - \$59,699	3.51%
4	\$45,500 - \$56,499	\$91,000-\$112,999	\$83,800 - \$97,999	\$59,700 - \$70,149	5.01%
5	Over \$56,500	Over \$113,000	Over \$98,000	Over \$70,150	Top Rate

The Top Rate would be the following:

- 6.44% for taxable years beginning on or after January 1, 2024, and before January 1, 2025
- 6.24% for taxable years beginning on or after January 1, 2025, and before January 1, 2026
- 6.00% for taxable years beginning on or after January 1, 2026, and before January 1, 2027
- 5.84% for taxable years beginning on or after January 1, 2027

For taxable years beginning on or after January 1, 2025, the Tax Commissioner would adjust the income tax brackets based on the percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics from the 12 months ending on August 31, 2023, to the 12 months ending on August 31 of the year preceding the taxable year.

The Department of Revenue (DOR) estimates the following fiscal impact to General Fund revenues as a result of this bill:

- FY23-24: (\$569,623,000)
- FY24-25: (\$1,389,404,000)
- FY25-26: (\$1,441,899,000)
- FY26-27: (\$1,501,879,000)
- FY27-28: (\$1,582,809,000)

The DOR estimates that there will be minimal costs to it to implement the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 239 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Neil Sullivan DATE: 3/20/2023 PHONE: (402) 471-4179

COMMENTS: The Department of Revenue assessment of fiscal impact from LB 239 appears reasonable.

LB 239 Fiscal Note 2023

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFO:						
Approved by: Glen White Date Prepared: 03/17/2023 Phone: 471-5896						
	FY 202	23-2024	FY 20	024-2025	FY 2	025-2026
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$(569,623,000)		\$(1,389,404,000)		\$(1,441,899,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$(569,623,000)		\$(1,389,404,000)		\$(1,441,899,000)
	·	· · · · · · · · · · · · · · · · · · ·	•	•	· -	

LB 239 amends Neb. Rev. Stat § 77-2715.03 to change the individual income tax brackets and rates for taxable years beginning on or after January 1, 2024 to the following:

LB 239 Individual Income Tax Brackets and Rate					
Bracket	Single and Married Filing Separate	Married Filing Jointly	Head of Household	Estates and Trusts	Tax Rate
1	\$0 - \$27,499	\$0 - \$54,999	\$0 - \$54,999	\$0 - \$54,999	0.00%
2	\$27,500 - \$30,499	\$55,000 - \$60,999	\$55,000 - \$60,599	\$55,000 - \$55,499	2.46%
3	\$30,500 - \$45,499	\$61,000 - \$90,999	\$60,600 - \$83,799	\$55,500 - \$59,699	3.51%
4	\$45,500 - \$56,499	\$91,000-\$112,999	\$83,800 - \$97,999	\$59,700 - \$70,149	5.01%
5	Over \$56,500	Over \$113,000	Over \$98,000	Over \$70,150	Top Rate

The Top Rate for taxable year:

- 6.44% for taxable year begin on or after January 1, 2024, and before January 1, 2025
- 6.24% for taxable year begin on or after January 1, 2025, and before January 1, 2026
- 6.00% for taxable year begin on or after January 1, 2026, and before January 1, 2027
- 5.84% for taxable year begin on or after January 1, 2027 and thereafter.

For taxable years beginning on or after January 1, 2025, the Tax Commissioner will adjust the income tax brackets for inflation based on the percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics from the 12 months ending on August 31, 2023, to the 12 months ending on August 31 of the year preceding the taxable year.

Major Objects of Expenditure							
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 Expenditures	24-25 Expenditures	25-26 Expenditures
Benefits	Benefits						
Operating Costs.							
Capital Outlay							
Capital Improvements							

LB 239 page 2 Fiscal Note 2022

The estimated fiscal impact to the General Fund revenues would be as follows:

FY 2023-24	\$ (569,623,000)
FY 2024-25	\$ (1,389,404,000)
FY 2025-26	\$ (1,441,899,000)
FY 2026-27	\$ (1,501,879,000)
FY 2027-28	\$ (1,582,809,000)

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.