

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include agency comment

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$202,503	\$5,695,000	\$66,000	\$11,822,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$202,503	\$5,695,000	\$66,000	\$11,822,000

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

LB36 makes the following amendments to the Nebraska Revenue Act:

- Adds the definition of mansion;
- Creates a real estate transfer tax on the sale or transfer of any mansion;
- Sets the real estate transfer tax to be equal to 1.25% of the portion of the actual value of mansions whose value is between \$800,000 - \$2,500,000, plus 2.25% of the portion of the actual mansion that exceeds \$2,500,000;
- Sets the real estate transfer tax as additional to all other taxes;
- Sets administration of the real estate transfer tax within the Department of Revenue;
- Creates a one-time refundable income tax credit beginning in Tax Year 25 for purchasers or transferees of a mansion equal to the real estate transfer tax paid for the sale or transfer of the mansion. The income tax credit is restricted to purchasers or transferees of a mansion who reside in Nebraska for the subsequent three taxable years post sale or transfer of the mansion.

No basis to disagree with the revenues and costs for administration as provided by the Department of Revenue.

State Agency Estimate

State Agency Name: Department of Revenue	Date Prepared: 08/01/2024				Date Due LFO:	
Approved by: James R. Kamm					Phone: 471-5896	
	FY 2024-2025		FY 2025-2026		FY 2026-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$202,503	\$ 5,695,000	\$66,000	\$ 11,822,000	\$66,000	\$ 12,188,000
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$202,503	\$ 5,695,000	\$66,000	\$ 11,822,000	\$66,000	\$ 12,188,000

LB 36 imposes a real estate transfer tax on the sale or transfer of a mansion. Mansion means any single-family residential property with actual value exceeding \$800,000.

The tax will be equal to 1.25% of the portion of the actual value of the mansion that exceeds \$800,000 and is equal to or less than \$2.5 million plus 2.25% of the portion of the actual value of the mansion that exceeds \$2.5 million. This tax is in addition to all other taxes. The purchaser or transferee must pay and collect the tax; and must remit it to the Department of Revenue (DOR). All real estate transfer taxes collected must be remitted to the State Treasurer for credit to the General Fund.

For tax years beginning on or after January 1, 2025, a purchaser or transferee of a mansion is allowed a one-time refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 if the purchaser or transferee resides in Nebraska for three tax years after the tax year the sale or transfer of the mansion occurred. The credit is in an amount equal to the real estate transfer tax paid for the sale or transfer of the mansion.

The estimated impact of LB 36 on the General Funds is as follows:

Fiscal Year	GF Revenues
FY 2024-25	\$ 5,695,000
FY 2025-26	\$ 11,822,000
FY 2026-27	\$ 12,188,000

The operative date for this bill is on January 1, 2025.

LB 36 requires a one-time charge of \$126,503 paid to the OCIO for by adding a line to 1040N, NebFile, and change to eDASH. The DOR will also need to hire 1.5 FTE Revenue Operation Clerk II for implantation of LB 36.

Major Objects of Expenditure

Class Code	Classification Title	24-25 FTE	25-26 FTE	26-27 FTE	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures
829112	Revenue Op Clerk II	1.5	1.5	1.5	\$56,700	\$56,700	\$56,700
Benefits.....					\$9,300	\$9,300	\$9,300
Operating Costs.....					\$126,503		
Travel.....							
Capital Outlay.....					\$10,000		
Capital Improvements.....							
Total.....					\$202,503	\$66,000	\$66,000