# LB 429

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202	3-24	FY 2024-25					
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE				
GENERAL FUNDS	(\$45,000,000)	(\$45,000,000)	(\$105,333,000)	(\$105,333,000)				
CASH FUNDS	\$45,000,000	\$45,000,000	\$105,333,000	\$105,333,000				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$0	\$0	\$0	\$0				

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

LB 429 creates the Tax Equity and Education Opportunities Support Act (TEEOSA) Trust Fund. Under the bill, every year beginning in 2023, the Department of Revenue (DOR) would need to certify to the State Treasurer the amount of credits that remain unclaimed under the Nebraska Property Tax Incentive Act for the tax year completed three years prior. The State Treasurer would transfer that amount from the General Fund to the TEEOSA Trust Fund.

The State Treasurer would disburse money from the TEEOSA Trust Fund to the Department of Education (NDE) monthly as appropriated by the Legislature to provide state aid pursuant to section 79-1022. Any excess money in the Fund would be reserved for future payment of state aid pursuant to section 79-1022.

Any money in the TEEOSA Trust Fund available for investment would be invested by the state investment officer, and the earnings would be credited to the TEEOSA Trust Fund.

The DOR estimates the following impact to the General Fund from this bill:

	General Funds revenue	Trust Fund
FY23-24	\$ (45,000,000)	\$ 45,000,000
FY24-25	\$ (105,333,000)	\$ 105,333,000
FY25-26	Indeterminable	Indeterminable

DOR estimates minimal costs to implement the bill.

There is no basis to disagree with these estimates by the DOR.

The State Treasurer estimates no fiscal impact to it from the bill. There is no basis to disagree with this estimate.

TECHNICAL NOTE:

The look back period in the bill is three years. The Department of Revenue notes that taxpayers can claim the tax credit until three years after the filing of the initial credit. For example: a taxpayer can claim the property tax credit for tax year 2020 until April 15, 2024. As such, the amount credited to the cash fund is certified before the amount of unclaimed credits is a final number, and as a result, there will be an ongoing loss of General Fund revenue if taxpayers claim the credit after the transfer amount is certified.

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

LB:	429	AM:	AGENCY/POLT. SUB:	Nebraska Departn	nent of Revenue		
REVIE	EWED BY:	Gary Bush	DATE:	3/6/23	PHONE: (402) 471-4161		
COMMENTS: Agree the bill would have no fiscal impact to the agency. Agree the bill would result in a General Fund revenue decrease.							

No basis to disagree with the estimate in the amount of unclaimed property tax incentive credits from three years prior. There would be an impact to the General Fund appropriations to TEEOSA in the amount of funds made available from unclaimed property tax incentives.

The bill implies and appropriation for the Department of Education to utilize the funding being directed to TEEOSA but none is provide by the bill.

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

LB:	429	AM:	AGENCY					
REVI	EWED BY:	Gary Bush		DATE:	1/30/23	PHONE: (402) 471-4161		
COMI	COMMENTS: No basis to disagree with the estimate provided.							

	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB:	429	AM:	AGENCY/POLT. SUB:	Nebraska Departm	nent of Education			
REV	IEWED BY:	Gary Bush	DATE:	1/19/23	PHONE: (402) 471-4161			
COMMENTS: Agree with the agency that there would be no fiscal impact to the agency. However, there would be an impact to the General Fund appropriations to TEEOSA in the amount of funds made available from unclaimed property tax incentives.								

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFO:							
Approved by: Glen White		Date Prepared:	03/02/2023		Phone: 471-5896		
FY 2023-2024		3-2024	FY 2024-2025		FY 2025-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$(45,000,000)		\$(105,333,000)		Indeterminable	
Cash Funds		\$45,000,000		\$105,333,000			
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		Indeterminable	

LB 429 creates the Tax Equity and Educational Opportunities Support Act Trust Fund (Trust Fund). The Department of Revenue (DOR) must certify the amount of unclaimed Nebraska Property Tax Incentive Act credits for the tax year completed three years prior. The certification is filed with the State Treasurer for every year after 2022.

The State Treasurer must transfer the certified amount from the General Fund to the Trust Fund. The State Treasurer must disburse money from the Trust Fund to the State Department of Education monthly as appropriated by the Legislature to provide state aid under section 79-1022. Any excess money must be reserved for future state aid payments under section 79-1022. Any monies in the Trust Fund available for investment will be invested by the state investment officer. Any earnings will be credited to the Trust Fund.

LB 429 is estimated to have the following fiscal impact to the General Fund revenues and the Trust Fund as follows:

	General Funds revenue	Trust Fund		
FY23-24	\$ (45,000,000)	\$ 45,000,000		
FY24-25	\$ (105,333,000)	\$ 105,333,000		
FY25-26	Indeterminable	Indeterminable		

Note that the above estimates can change as a taxpayer can still file their 2020 amended return to claim the 2020 refund until the end of 2023 tax year. The estimates for FY24-25 also depends on how many individuals file amended return to claim the credit from now until the end of 2024, therefore the estimate above is our best estimate at the current time. Any fiscal impact to the General Funds revenue and the trust fund in future fiscal years are indeterminable at this time.

LB 429 alters the state aid value of TEEOSA fund, which will have a corresponding impact on General Fund expenditures.

	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 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 Expenditures		
Benefits			l						
Travel									
Capital Improvements									
Total									

It is estimated that there will be minimal costs to DOR to implement this bill.

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 429				I	FISCAL NOTE
State Agency OR Politi	cal Subdivision Name: <sup>(2)</sup>	State Treasurer			
Prepared by: <sup>(3)</sup> Ja	son Walters	Date Prepared: <sup>(4)</sup>	January 25, 2023	Phone: (5)	402-471-2793
	ESTIMATE PROVI	DED BY STATE AGEN	NCY OR POLITICAL	<u>SUBDIVIS</u>	ION
	FV	2023-24		FY 2024-	-95
	EXPENDITURES	<u>REVENUE</u>	<b>EXPENDITU</b>		<u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estim	ate:				

The State Treasurer's Office doesn't expect any fiscal impact from LB 429 to the office.

<u>BREAKI</u>	<u>DOWN BY MAJ</u>	OR OBJECTS O	<u>F EXPENDITURE</u>		
Personal Services:					
	NUMBER OF	POSITIONS	2023-24	2024-25	
POSITION TITLE	23-24	<u>24-25</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>	
Benefits					
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements					
TOTAL					

Please complete  $\underline{\text{ALL}}$  (5) blanks in the first three lines.

LB <sup>(1)</sup> 429				Į	FISCAL NOTE
State Agency OR P	olitical Subdivision Name: <sup>(2)</sup>	NE Dept of Educa	tion		
Prepared by: <sup>(3)</sup>	Bryce Wilson	Date Prepared: <sup>(4)</sup>	1/18/23	Phone: (5)	402-471-4320
	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL	SUBDIVIS	ION
	<u>EXPENDITURES</u>	2023-24 <u>REVENUE</u>	EXPENDITU	<u>FY 2024-</u> RES	<u>REVENUE</u>
GENERAL FUNI	DS				
CASH FUNDS					
FEDERAL FUND	<b></b>				
OTHER FUNDS					
TOTAL FUNDS					

#### Explanation of Estimate:

LB 429 creates the TEEOSA Trust Fund from unclaimed property tax incentives accrued over the last three years. The new fund will provide an additional source of funding for TEEOSA. Currently TEEOSA is funded by General funds and Insurance Premium tax funds. No fiscal impact.

BREAKI	DOWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS <u>23-24</u> <u>24-25</u>		2023-24 <u>EXPENDITURES</u>	2024-25 <u>EXPENDITURES</u>
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				