LB 747

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2023	-24	FY 2024-25					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	(\$112,934,913)	(\$110,775,000)	(\$113,000,000)	(\$114,098,000)				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	(\$112,934,913)	(\$110,775,000)	(\$113,000,000)	(\$114,098,000)				

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

LB 747 seeks to add a refundable credit against the income tax 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 would be equal to the greater of 4% of the total amount of rent paid by the individual during the taxable year or \$200, but in no case would the credit exceed \$1,000. The credit would be for taxable years beginning on or after January 1, 2023.

LB 747 also seeks to change the amount of relief granted under the Property Tax Credit Act (Act). LB 747 would make changes so that for tax years 2020 through 2022, the minimum amount of relief granted under the Act would be \$275 million. Then, for tax year 2023 and each year after, the amount of relief granted under the Act would be \$200 million.

The Department of Revenue (DOR) estimates the following impact to the General Fund from this bill:

	General Fund	General Fund
	Revenues	Expenditures
FY 2023-24	\$ (110,775,000)	\$ (113,000,000)
FY 2024-25	\$ (114,098,000)	\$ (113,000,000)
FY 2025-26	\$ (117,521,000)	\$ (113,000,000)

DOR also estimates a need for one-time costs of \$65,087 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE LB: 747 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 747 appears reasonable.						

LB 0747

Fiscal Note 2023

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFO:								
Approved by: Glen White		Date Prepared:	03/20/2023	Phone: 471-5896				
	FY 202	3-2024	<u>FY 2024-2025</u> <u>FY 20</u>			5-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	(\$112.934,913)	(\$110,775,000)	(\$113,000,000)	(\$114,098,000)	(\$113,000,000)	(\$117,521,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	(\$112.934,913)	(\$110,775,000)	(\$113,000,000)	(\$114,098,000)	(\$113,000,000)	(\$117,521,000)		

For taxable years beginning on or after January 1, 2023, LB 747 allows a refundable income credit to individuals who rent a house, apartment, or other residential unit in Nebraska for use as their primary residence during the taxable year. The credit will equal the greater of (a) 4% of the total amount of rent paid by the individual during the taxable year, or (b) \$200; but in no case will the credit exceed \$1,000.

LB 747 amends Neb. Rev. Stat. § 77-4212(1) to provide: For tax year 2023 and each year thereafter, the amount of relief granted under the Property Tax Credit Act is \$200 million. If money is transferred or credited to the Property Tax Credit Cash Fund under any other state law, such amount will be added to the amount provided in this subsection when determining the total amount of relief granted under the Property Tax Credit Act. The relief granted under this Act appears as a property tax credit on the property tax statement.

Using the American Community Survey data, The Department of Revenue (DOR) estimates the number of rental households in Nebraska to be 243,000. DOR estimates the fiscal impact for LB 747 as follows:

	General Fund		General Fund		
		Revenues	Expenditures		
FY 2023-24	\$	(110,775,000)	\$	(113,000,000)	
FY 2024-25	\$	(114,098,000)	\$	(113,000,000)	
FY 2025-26	\$	(117,521,000)	\$	(113,000,000)	

DOR estimates there will be \$65,087 in one-time costs paid to the OCIO to add a line to form 1040N and NebFile for Individuals.

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 <u>Expenditures</u>		
Benefits									
Operating Costs		\$65,087							
Capital Outlay									
	nts								
Total	\$65,087								