PREPARED BY: DATE PREPARED: PHONE: Scott Danigole August 02, 2024 402-471-0055

LB 76

Revision: 01

FISCAL NOTE

Updated for additional response

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	24-25	FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$113,987	\$0	\$43,900	(\$1,503,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$113,987	\$0	\$43,900	(\$1,503,000)			

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

LB 76 contains the Employee Contributions Tax Incentive Act. The purpose of the act is to provide an income tax reduction for employed individuals on dues and assessments paid to labor organizations.

Under section 4, an individual may exclude any employee contribution beginning on or after January 1, 2025, to the extent such contribution is included in federal adjusted gross income.

The Department of Revenue estimates the provisions of LB 76 will require one-time programming charges and 1.0 additional FTE. These costs are estimated to be \$113,987 in FY25 and ongoing costs of \$43,900 beginning in FY26. These estimates appear to be reasonable.

The bill's provisions for income tax reductions are estimated to be \$1,503,000 in FY26 and \$1,356,000 beginning in FY27 There is no basis to disagree with these estimates.

LB 0076 Fiscal Note 2024

State Agency Estimate							
State Agency Name: Department of Revenue			Date Due LFO:				
Approved by: James R. Kamm		Date Prepared:	08/02/2024 Phone: 471-5896				
	FY 2024-	2025	FY 2025-2026		FY 2026-2027		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$113,987	\$ 0	\$43,900	\$ (1,503,000)	\$43,900	\$ (1,356,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$113,987	\$ 0	\$43,900	\$ (1,503,000)	\$43,900	\$ (1,356,000)	

The Employee Contributions Tax Incentive Act will provide an income tax reduction for employed individuals on dues and assessments paid to labor organizations. For taxable years beginning or deemed to begin on or after January 1, 2025, an individual may reduce his or her federal adjusted gross income by the amount of dues and assessments the employee paid to labor organizations.

LB 76 is estimated to have the following impact on the General Fund revenues:

Fiscal Year	GF Revenues
FY 2024-25	
FY 2025-26	\$ (1,503,000)
FY 2026-27	\$ (1,356,000)

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

LB 76 requires a one-time charge of \$65,087 paid to the OCIO for by adding a line to 1040N, and NebFile. The Department of Revenue will also need to hire 1 FTE Revenue Operation Clerk II for implantation of LB 76.

Major Objects of Expenditure							
Class Code 829112	Classification Title Revenue Op Clerk II	24-25 <u>FTE</u> 1	25-26 <u>FTE</u> 1	26-27 <u>FTE</u> 1	24-25 <u>Expenditures</u> \$37,770	25-26 <u>Expenditures</u> \$37,770	26-27 <u>Expenditures</u> \$37,770
Benefits.					\$6,200	\$6,200	\$6,200
Operating Costs					\$65,087		
Travel							
Capital Outlay					\$5,000		
Capital Improveme	ents						
Total			\$113,987	\$43,900	\$43,900		