

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2025-26 | | FY 2026-27 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

LB 494 amends section 77-4602.

Subdivisions (3)(a)(i) and (3)(a)(ii) are amended to provide that within 15 days after the end of each fiscal year, the Tax Commissioner shall determine:

- i. Actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year as certified pursuant to sections 77-4601 and 77-4603; and
- ii. Actual General Fund net receipts for the most recently completed fiscal year minus 103% of actual General Fund net receipts for the prior fiscal year.

If the amount calculated in subdivision (3)(a)(i) is a positive number and the amount calculated in subdivision (3)(a)(ii) is a negative number, the Tax Commissioner shall certify the amount calculated in subdivision (3)(a)(i) to the State Treasurer. The State Treasurer shall transfer such certified amount to the Cash Reserve Fund.

If the amounts calculated in subdivisions (3)(a)(i) and (3)(a)(ii) are both positive numbers and the amount calculated in subdivision (3)(a)(i) exceeds the amount calculated in subdivision (3)(a)(ii), the Tax Commissioner shall certify the amounts calculated in subdivisions (3)(a)(i) and (3)(a)(ii) to the State Treasurer. The State Treasurer shall transfer the difference between the two certified numbers to the Cash Reserve Fund. The State Treasurer shall transfer the amount certified for subdivision (3)(a)(ii) to the School District Property Tax Relief Credit Fund.

If the amounts calculated in subdivisions (3)(a)(i) and (3)(a)(ii) are both positive numbers and the amount calculated in subdivision (3)(a)(i) is less than the amount calculated in subdivision (3)(a)(ii), the Tax Commissioner shall certify the amount calculated in subdivision (3)(a)(i) to the State Treasurer. The State Treasurer shall transfer such certified amount to the School District Property Tax Relief Credit Fund.

The bill also amends the School District Property Tax Relief Act.

The bill provides under section 77-7304 of the Act that beginning in FY26, it is the intent of the Legislature that an amount sufficient to provide the amount of property tax relief required under subdivision (1)(a) of section 77-7305 for each tax year be transferred from the General Fund to the School District Property Tax Relief Credit Fund.

The bill amends section 77-7305 of the Act to provide that the total amount of relief granted under the Act for each tax year is changed to the minimum amount of relief under subdivision (1)(a). For tax year 2030 and each tax year thereafter, language is also added so that the minimum amount of relief granted under the Act shall be the minimum amount of relief from the prior year, excluding any additional relief provided pursuant to subdivision (1)(b) of the section, with such amount then increased by 3%. Subdivision (1)(b) is added to provide that if money is transferred to the School District Property Tax Relief Credit Fund pursuant to section 77-4602, such amount shall be added to the minimum amount required under subdivision (1)(a) of the section when determining the total amount of relief granted under the Act for the tax year in which the transfer occurs. If no such transfer occurs in a given tax year, the minimum amount required under subdivision (1)(a) of the section shall be the total amount of relief granted under the Act for such tax year.

The bill contains the emergency clause.

The Department of Revenue estimates no impact to General Fund revenues and minimal costs to it to implement the bill. There is no basis to disagree with this estimate. Current forecasted receipts for FY25 are \$100 million more than certified amounts. Under current law, this \$100 million is to be credited to the Cash Reserve Fund. Under this bill, this \$100 million is also to be credited to the Cash Reserve Fund, because actual General Fund revenue is not estimated to exceed 103% of total actual net receipts for FY2023.24.

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|---|----------------|---|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
| LB: 494 | AM: | AGENCY/POLT. SUB: Department of Revenue |
| REVIEWED BY: Ryan Yang | DATE: 3/5/2025 | PHONE: (402) 471-4178 |
| COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 494 appears reasonable. | | |

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFO:
Approved by: James R. Kamm Date Prepared: 03/04/2025 Phone: 471-5896

Table with columns for FY 2025-2026, FY 2026-2027, and FY 2027-2028, each subdivided into Expenditures and Revenue. Rows include General Funds, Cash Funds, Federal Funds, Other Funds, and Total Funds.

LB 494 amends Neb. Rev. Stat. § 77-4602(3)(a) to provide that, within 15 days after the end of the fiscal year, the Tax Commissioner must determine:

- (i) The actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year as certified under §§77-4601 and 77-4603; and
(ii) The actual General Fund net receipts for the most recently completed fiscal year minus 103% of actual General Fund net receipts for the prior fiscal year.

Under LB 494, the following transfers will occur based on the amounts calculated and certified under § 77-4602(3)(a)(i) & (ii):

- If the amount in subdivision (a)(i) is positive and the amount in subdivision (a)(ii) is negative, the Tax Commissioner must certify the amount in subdivision (a)(i) to the State Treasurer, who will transfer the certified amount to the Cash Reserve Fund.
• If both amounts are positive and the amount in subdivision (a)(i) exceeds the amount in subdivision (a)(ii), the Tax Commissioner must certify both amounts in subdivisions (a)(i) & (a)(ii) to the State Treasurer, who will transfer the difference between the two amounts to the Cash Reserve Fund; and the amount certified under subdivision (a)(ii) to the School District Property Tax Relief Credit Fund.
• If both amounts are positive and the amount in subdivision (a)(i) is less than the amount in subdivision (a)(ii), the Tax Commissioner must certify the amount in subdivision (a)(i) to the State Treasurer, who will transfer such certified amount to the School District Property Tax Relief Fund.

LB 494 amends the transfer provisions of the School District Property Tax Relief Fund (Neb. Rev. Stat. § 77-7304) to provide that it is the intent of the Legislature, beginning in fiscal year 2025-26, that an amount sufficient to provide the amount of property tax relief required by § 77-7305(1)(a) for each tax year be transferred from the General Fund to the School District Property Tax Relief Fund. This amendment eliminates the Legislatures intended dollar amount transfers from this statute.

Major Objects of Expenditure

Table with columns for Class Code, Classification Title, and FTE/Expenditures for years 25-26, 26-27, and 27-28. Rows include Benefits, Operating Costs, Travel, Capital Outlay, Capital Improvements, and Total.

LB 494 amends the School District Property Tax Relief Act as follows:

- Property tax relief will be property tax credits on property tax statements.
- Property tax credits granted under this Act will be credited against the property taxes owed to school districts.

LB 494 provides that the total amount of property tax relief granted under this Act will be determined, starting with tax year 2024, by the minimum amounts (rather than total amounts) enumerated per tax year in § 77-7305(a). The amounts of relief are unchanged by LB 494 for tax years 2024 (\$750 million); 2025 (\$780 million); 2026 (\$808 million); 2027 (\$838 million); 2028 (\$870 million). For tax year 2030 and each tax year thereafter, the minimum relief will be the minimum amount of relief for the prior year, excluding any additional relief provided under subdivision (1)(b), with such amount increased by 3%.

Under LB 494, subdivision (1)(b) provides that, if money is transferred to the School District Property Tax Relief Fund under § 77-4602, such amount will be added to the minimum amount required under subdivision (1)(a) when determining the total amount of relief for the tax year in which the transfer occurs. If no transfer occurs in the given tax year, the minimum amount required under subdivision (1)(a) will be the total amount of relief granted for such tax year.

It is estimated that LB 494 will have no impact on the General Fund revenues and minimal cost for the Department of Revenue to implement.

LB 494 carries an emergency clause.