PREPARED BY: DATE PREPARED: PHONE: John Wiemer March 10, 2025 402-471-0051

LB 566

Revision: 00

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				(\$44,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS				(\$44,000)		

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

LB 566 amends section 77-2715.07(7)(a) to eliminate the January 1, 2026 sunset date for the nonrefundable income tax credit in the amount of \$5,000 allowed to any individual who purchases a residence during the taxable year if such residence:

- Is located within an area that has been declared an extremely blighted area under section 18-2102.02;
- Is the individual's primary residence; and
- Was not purchased from a family member of the individual or a family member of the individual's spouse.

The Department of Revenue (DOR) estimates the following decrease to General Fund revenues as a result of the bill:

FY27: (\$44,000)FY28: (\$90,000)FY29: (\$116,000)

The DOR estimates no costs to it as a result of the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 566 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY: Ryan Yang	DATE: 3/10/2025	PHONE: (402) 471-4178			
COMMENTS: Concur with the Department of Revenue assessment of General Fund revenue impact from LB 566.					

State Agency Estimate							
State Agency Name: Department of	f Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:	03/10/2025		Phone: 471-5896		
	FY 2025	FY 2025-2026		<u>5-2027</u>	FY 2027-2028		
	Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue	
General Funds		\$0		(\$44,000)		(\$90,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$0		(\$44,000)		(\$90,000)	

LB 566 amends section §77-2715.07(7)(a) which states that for taxable years beginning or deemed to begin on or after January 1, 2020, any individual who purchases a residence (from someone other than a family member) that "is located within an area that has been declared an extremely blighted area" and who uses it as a "primary residence" will be allowed a nonrefundable credit of \$5,000. Before LB 566, the individual had to purchase the residence before January 1, 2026, however, this bill eliminates this sunset date which means that an individual may purchase this type of residence during any upcoming tax year.

It is estimated that this bill will have the following impacts on General Fund revenues:

	General Fund
	revenues
FY 25-26	
FY 26-27	(\$44,000)
FY 27-28	(\$90,000)
FY 28-29	(\$116,000)

It is estimated that there will be no cost to the Department of Revenue to implement this bill.

The operative date for this bill is three months after the adjournment of the Legislature.

Major Objects of Expenditure							
Class Code	Classification Title	25-26 <u>FTE</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
Benefits Operating Costs	Benefits						
Travel							
Capital Improvements							