

# 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	\$57,123	\$2,260,000		\$5,200,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$57,123	\$2,260,000		\$5,200,000

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

LB 643 provides that for taxable years beginning on or after January 1, 2026, any person who owns directly or indirectly more than 30 parcels of single-family residential property as defined in section 77-3505.04 as investment or rental property shall not claim any deductions from Nebraska income taxes relating to any interest or taxes paid on or any maintenance of such property. The bill specifies when this shall not apply.

A person may appeal to the Department of Revenue (DOR) that the single-family residential property of such person was offered for sale at a fair market rate for at least 90 days and there were no good faith offers on such property. If such appeal is successful, such person may claim deductions from Nebraska income taxes relating to any interest or taxes paid on or any maintenance of such property.

The DOR estimates the following increases to General Fund revenues as a result of the bill:

- FY26: \$2,260,000
- FY27: \$5,200,000
- FY28: \$4,690,000
- FY29: \$4,470,000

The DOR also estimates a one-time programming charge of \$57,123 to be paid to the Office of the Chief Information Officer (OCIO) as a result of the 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: 643	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang		DATE: 3/21/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessments of General Fund revenue impact and impact to the agency from LB 643 appear reasonable.			

## State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:				
Approved by: James R. Kamm				Date Prepared: 03/21/2025		Phone: 471-5896		
	<u>FY 2025-2026</u>			<u>FY 2026-2027</u>			<u>FY 2027-2028</u>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$ 57,123	\$ 2,260,000		\$ 0	\$ 5,200,000		\$ 0	\$ 4,690,000
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$ 57,123	\$ 2,260,000		\$ 0	\$ 5,200,000		\$ 0	\$ 4,690,000

LB 643 provides that, for taxable years beginning on or after January 1, 2026, any person who owns directly or indirectly more than 30 parcels of single-family residential property, as defined in Neb. Rev. Stat. § 77-3505.04 as investment or rental property, will not claim any deductions from Nebraska income tax relating to any interest or taxes paid on or any maintenance of such property. This section does not apply to any:

- Property of a person used as principal residence of such person
- Property of a qualified nonprofit organization (as defined by LB 643); or
- Person who sold at least:
  - Ten percent of the single-family residential property that was owned by such a person on January 1 of any calendar year and such property was sold during such year to buyers who will reside at such property; or
  - Five percent of the single-family residential property that was owned by such person on January 1 of any calendar year and such properties were sold during such year to first-time homebuyers as defined in § 58-211.01.

A person may appeal to the Department of Revenue (DOR) that the single-family residential property of such person was offered for sale at a fair market rate for at least 90 days and there were no good faith offers on such property. If such appeal is successful, such person may claim deductions from Nebraska income taxes relating to any interest or taxes paid on or any maintenance of such property.

LB 643 defines a qualified nonprofit organization as any organization not organized for profit; and has a principal purpose of the creation, development, or preservation of affordable housing. The term includes many types of housing and community organizations authorized under federal law; land banks created under the Nebraska Municipal Land Bank Act; resident-owned cooperatives; community land trusts, as defined by LB 643; and projects that qualify under the Affordable Housing Tax Credit Act.

The DOR estimates that LB 643 would impact the General Fund revenues as follows:

Major Objects of Expenditure							
Class Code	Classification Title	25-26 FTE	26-27 FTE	27-28 FTE	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
Benefits.....							
Operating Costs.....					\$57,123	\$ 0	\$ 0
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>					<b>\$57,123</b>	<b>\$ 0</b>	<b>\$ 0</b>

Fiscal Year	General Fund revenues
FY25-26	\$ 2,260,000
FY26-27	\$ 5,200,000
FY27-28	\$ 4,690,000
FY28-29	\$ 4,470,000

LB 643 requires a one-time programming charge of \$57,123 paid to the OCIO for mainframe development.

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