PREPARED BY: DATE PREPARED: PHONE: John Wiemer March 13, 2023 402-471-0051

LB 185

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	23-24	FY 2024-25				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$500,000,000	\$19,800,000		\$2,200,000			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$500,000,000	\$19,800,000		\$2,200,000			

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

LB 185 seeks to send checks directly to qualified individuals during FY23-24. A qualified individual would be any resident individual who filed an individual income tax return in this state for tax year 2022 and any person claimed as a dependent on a resident individual's income tax return for tax year 2022. Each qualified individual would receive an amount equal to \$500 million, less the administrative costs incurred by the Department of Revenue (DOR) for this task, divided by the total number of qualified individuals.

The DOR estimates a one-time cost of \$500 million as a result of this bill. Administrative costs for the DOR, included in the \$500 million, would be a one-time expense of \$43,724 to be paid to the Office of the Chief Information Officer (OCIO). Additionally, \$659,025 is estimated to be needed for temporary employees for taxpayer assistance and processing as well as postage expenses.

The DOR estimates that the taxable income generated from the distributions to taxpayers would result in an overall General Fund revenue increase of \$22 million spread out over two fiscal years.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 185	AM:	AGENCY/POLT. SUB: Departm	AGENCY/POLT. SUB: Department of Revenue			
REVIEWED BY	: Neil Sullivan	DATE: 3/13/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 185.						

LB 185 Fiscal Note 2023

e Due LFO: ne: 471-5896 FY 202 :	7 2026	
	5 202¢	
FY 202:	E 2026	
	FY 2025-2026	
Expenditures	Revenue	
	\$ 0	
	\$ 0	
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LB 185 provides for the Department of Revenue (DOR) to mail payments, by check, to the address of record to each resident individual taxpayer who filed an individual income tax return in 2022 and to each dependent claimed on such tax returns. Payments to the dependents will be sent to the head of household.

For FY 23-24, the total of the payments will be \$500 million less DOR administrative costs. Each payment will be the net total divided by the number of qualified recipients. The payments are not deemed to be refunds and the DOR cannot offset these payments against other liabilities.

DOR is to develop an application for taxpayers without an address on record or taxpayers who did not receive a check to claim their payment.

DOR estimates that the taxable income generated from the distributions will result in a one-time increase in General Fund revenue of approximately \$19.8 million for FY 23-24 and \$2.2 million for FY 24-25.

LB 185 will require a one-time charge of \$43,724 paid to the OCIO to implement the bill. Included in this cost is programming work to identify payment recipients, generate warrants, and to update computer systems for status of payment distribution questions. Also, \$659,025 will be needed for temporary employees for taxpayer assistance and processing, and postage expenses. These costs are included in the \$500 million.

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

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 Expenditures	24-25 Expenditures	25-26 Expenditures
Operating Costs.					\$702,749		
Travel							
Capital Outlay				\$0			
Total			\$702,749				