PREPARED BY: DATE PREPARED: PHONE: John Wiemer March 20, 2023 402-471-0051

**LB 524** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2023-24		FY 2024-25			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$159,144			(\$1,750,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$159,144			(\$1,750,000)		

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

LB 524 seeks to provide a nonrefundable income tax credit for taxable years beginning on or after January 1, 2024 for any grocery store retailer or restaurant that donates food to a food pantry or food bank during the taxable year. The credit would be equal to 50% of the value of the food donations made during the taxable year, not to exceed \$2,500. The donated food would be valued at its wholesale value. Any amount of the credit that the grocery store retailer or restaurant is prohibited from claiming in a taxable year may be carried forward to any of the 3 subsequent taxable years. Any amount relating to such food donations that was subtracted from the grocery store retailer's or restaurant's federal adjusted gross income or federal taxable income would need to be added back in the determination of Nebraska adjusted gross income or Nebraska taxable income before the credit could be claimed.

The cumulative amount of credits that could be allocated to grocery store retailers and restaurants in any one fiscal year could not exceed \$1,750,000. No grocery store retailer or restaurant shall be able to claim more than one of these credits for a single donation. The Tax Commissioner would need to establish a procedure by which the cumulative amount of credits is apportioned among all grocery store retailers and restaurants claiming the credit by April 15 of the fiscal year in which the credit is claimed.

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

- FY23-24: \$0
- FY24-25: (\$1,750,000)
- FY25-26: (\$1,750,000)
- FY26-27: (\$1,750,000)

The DOR estimates a need for a one-time programming charge of \$159,144 to be paid to the Office of the Chief Information Officer (OCIO).

There is no basis to disagree with these estimates.

ADMINIS	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 524	AM:	AGENCY/POLT. SUB: Departm	AGENCY/POLT. SUB: Department of Revenue			
REVIEWED BY	Y: Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 524.						

State Agency Estimate						
of Revenue				Date Due LFO:		
	Date Prepared:	03/20/2023		Phone: 471-5896		
FY 2023-	FY 2023-2024		FY 2024-2025		FY 2025-2026	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
\$159,144	\$ 0		(\$1,750,000)		(\$1,750,000)	
\$159,144	\$ 0		(\$1,750,000)		(\$1,750,000)	
	Expenditures \$159,144	Total Revenue    Expenditures  Revenue    \$159,144  \$ 0	Date Prepared: 03/20/2023   FY 2023-2024   FY 2024   Expenditures   Revenue   Expenditures   \$159,144   \$0	Date Prepared: 03/20/2023   FY 2023-2024   FY 2024-2025   Expenditures   Revenue   S159,144   \$0   (\$1,750,000)	Date Prepared:  Date Due LFO:    Date Prepared:  03/20/2023  Phone: 471-5896    FY 2023-2024  FY 2024-2025  FY 2025    Expenditures  Revenue  Expenditures    \$159,144  \$ 0  (\$1,750,000)	

LB 524 provides a nonrefundable income tax credit for food donations by any grocery store retailer or restaurant that donates food to a food pantry or food bank. The credit is equal to 50% of the wholesale value of the food donations made during the taxable year, not to exceed \$2,500. Credits may be carried forward to any of the three subsequent taxable years. Any amount relating to the food donations that was subtracted from the grocery store retailer's or restaurant's federal AGI or federal taxable income must be added back in the determination of Nebraska adjusted gross income or Nebraska taxable income before this tax credit can be claimed.

The cumulative amount of credits that may be allocated to grocery store retailers and restaurants in any one fiscal year shall not exceed \$1,750,000. The Tax Commissioner must establish a procedure by which the cumulative amount of credits is apportioned among all grocery store retailers and restaurants claiming the credit by April 15 of the fiscal year in which the credit is claimed. LB 524 restricts claiming more than one credit for a single donation. Corporate, estates and trusts, beneficiaries of estates or trust, and individuals may claim the credit.

Using data from the U.S. Census Bureau, the Department of Revenue (DOR) estimates that the maximum amount of credits will be utilized, resulting in the following reduction in General Fund revenue:

FY 2023-24	\$ 0
FY 2024-25	\$ 1,750,000
FY 2025-26	\$ 1,750,000
FY 2026-27	\$ 1,750,000

LB 524 will require a one-time programming charge of \$159,144 paid to the OCIO for adding a line to 1040N, 1120N, 1041N, and NebFile for Individuals, as well as making changes to the mainframe for the calculation of credits in Individual Income Tax, Corporate Income Tax, the Business MeF, and Fiduciary Tax.

LB 524 becomes operative for tax years beginning on or after January 1, 2024.

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.					\$159,144		
		•••••	••••••	••••••	\$159,144		