

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				(\$190,000,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	(\$190,000,000)

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

LB 27 would create the Property Tax Circuit Breaker Act.

The bill would establish a refundable income tax credit for qualifying agricultural taxpayers in an amount equal to the amount of property taxes paid on the agricultural land and horticultural land during the most recently completed taxable year minus 7% of the qualifying agricultural taxpayer’s federal adjusted gross income. The Department of Revenue (DOR) could certify up to \$74 million of these credits for each of the years 2025 and 2026. Only one tax credit could be claimed per parcel of agricultural land and horticultural land.

The bill would also establish a refundable income tax credit for qualifying residential taxpayers. If the DOR determines that the qualifying residential taxpayer resided at the property described in the qualifying residential taxpayer’s application for at least six months of the most recently completed taxable year, the DOR would grant the tax credit. The credit calculations would be based on if the qualifying residential taxpayer paid property taxes or paid rent to occupy the residence. The DOR could certify up to \$126 million of these credits for each of the years 2025 and 2026. Only one tax credit could be claimed per residence.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

Due to the timing of filing, we estimate that the credit for both agricultural and residential taxpayers would meet the cap each tax year, but would be distributed over three fiscal years. The estimated reduction to General Fund revenues would be as follows:

Agricultural credit:

- FY26: (\$70,300,000)
- FY27: (\$74,000,000)
- FY28: (\$3,700,000)

Residential credit:

- FY26: (\$119,700,000)
- FY27: (\$126,000,000)
- FY28: (\$6,300,000)

This bill was also introduced as LB 211 (2023) and included expenditures. In that fiscal note, the DOR estimated a need for a one-time programming charge of \$242,000 to be paid to the Office of the Chief Information Officer (OCIO) and \$20,000 to be paid in subsequent years for maintenance. The DOR also estimated a need for personnel starting in FY24 (personnel expenditures would start in FY25 under this bill) as a result of this bill. The expenditures totaled \$753,100 in FY24 and \$429,000 in FY25. These expenditures would start in FY25 and FY26 under this bill. However, the amounts of these expenditures are indeterminate at this time due to changing state costs and will be updated with additional information received.