PREPARED BY: DATE PREPARED: PHONE: John Wiemer July 31, 2024 402-471-0051

LB 51

Revision: 00

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			\$156,999	\$1,995,000,000		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS			\$156,999	\$1,995,000,000		

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

LB 51 would make changes so that for taxable years beginning on or after January 1, 2025 and before January 1, 2026 federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would be increased by an amount equal to 10% of the unrealized capital gains of a corporation, fiduciary, or individual in a taxable year. For taxable years beginning on or after January 1, 2026 and before January 1, 2027 federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would be increased by an amount equal to 8% of the unrealized capital gains of a corporation, fiduciary, or individual in a taxable year. For taxable years beginning on or after January 1, 2027 federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would be increased by an amount equal to 7% of the unrealized capital gains of a corporation, fiduciary, or individual in a taxable year.

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

Fiscal Year	General Fund Revenues			
FY2024-25	\$ -			
FY2025-26	\$ 1,995,000,000			
FY2026-27	\$ 1,717,000,000			
FY2027-28	\$ 1,396,272,100			

The DOR estimates a need for a one-time programming charge of \$156,999 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill.

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

LB 0051 Fiscal Note 2024

State Agency Estimate							
f Revenue				Date Due LFO:			
Approved by: James R. Kamm		Date Prepared: LEAVE BLANK		Phone: 471-5896			
FY 2024	FY 2024-2025		FY 2025-2026		FY 2026-2027		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
	\$ 0	\$156,999	\$ 1,995,000,000		\$ 1,717,000,000		
				. <u> </u>			
	\$ 0	\$156,999	\$ 1,995,000,000		\$ 1,717,000,000		
		FY 2024-2025 Expenditures Revenue \$0	Date Prepared: LEAVE BL FY 2024-2025 FY 202	Date Prepared: LEAVE BLANK FY 2024-2025 FY 2025-2026	Date Due LFO: Date Prepared: LEAVE BLANK Phone: 471-5896		

LB 51 imposes income tax on the unrealized capital gains of individuals, corporations, and fiduciaries. For tax year beginning on or after January 1, 2025, and before January 1, 2026, individuals, corporations, and fiduciaries must increase their federal taxable income or federal adjusted gross income by 10% of their unrealized capital gains.

For tax years beginning on or after January 1, 2026, and before January 1, 2027, the increase is 8% and for taxable years beginning on or after January 1, 2027, the increase is 7% of their unrealized capital gains.

It is estimated that this bill will have the following impacts on the General Fund revenues, assuming taxpayers will pay unrealized capital gains tax on their final returns:

Fiscal Year	General Fund Revenues			
FY2024-25	\$ -			
FY2025-26	\$ 1,995,000,000			
FY2026-27	\$ 1,717,000,000			
FY2027-28	\$ 1,396,272,100			

LB 51 will require a one-time programming charge of \$156,999 paid to the OCIO to add lines and schedules to the Forms 1040N, 1120N, 1041N.

Major Objects of Expenditure							
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures
Benefits					l .		
Operating Costs						\$156,999	
						\$156,999	