

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$101,058	(\$50,066,000)	\$29,500	(\$121,411,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$101,058</b>	<b>(\$50,066,000)</b>	<b>\$29,500</b>	<b>(\$121,411,000)</b>

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

LB 157 establishes the Child Tax Credit Act (Act). Under the Act, starting in taxable year 2026, any taxpayer with a qualifying child shall be eligible to receive a refundable income tax credit.

Under the Act, a qualifying child means an individual who:

- Is 6 years of age or younger at the end of the taxable year;
- Is claimed as a dependent on the taxpayer’s federal income tax return; and
- Has been issued either a social security number or an individual taxpayer identification number.

The refundable tax credits shall be in an amount calculated as follows:

- For married filing jointly taxpayers: \$1,000 per qualifying child, except the credit is reduced, but not below zero, by 5% for each \$2,000, or fraction thereof, by which federal Adjusted Gross Income federal AGI exceeds \$110,000.
- For head of household taxpayers: \$1,000 per qualifying child, except the credit is reduced, but not below zero, by 5% for each \$1,500, or fraction thereof, by which federal AGI exceeds \$92,500.
- For any other filing status: \$1,000 per qualifying child except the credit is reduced, but not below zero, by 5% for each \$1,000, or fraction thereof, by which federal AGI exceeds \$75,000.

Starting in taxable year 2027, the Department of Revenue (DOR) shall make adjustments for inflation by the same percentage used to adjust individual income tax brackets.

The DOR shall submit an annual report to the Legislature under the bill on the usage of the tax credits.

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

The bill provides that in bankruptcy and in the collection of a money judgment, the full amount of any tax credit refund received under the Act shall be exempt from attachment, garnishment, or other legal or equitable process and from all claims of creditors.

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

- FY26: (\$50,066,000)
- FY27: (\$121,411,000)
- FY28: (\$124,446,000)
- FY29: (\$127,557,000)

The DOR estimates a one-time charge to be paid to the Office of the Chief Information Officer (OCIO) of \$66,558 for mainframe and web development costs. Additionally, the DOR estimates a need for 0.5 FTE Revenue Agent for implementation of this bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 157                      AM:                                      AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Ryan Yang                      DATE: 3/17/2025                                      PHONE: (402) 471-4178

COMMENTS: Concur with the Department of Revenue assessment of fiscal impact from LB 157.



The estimated fiscal impact of LB 157 to the General Fund revenues would be as follows:

FY2025-26	\$ (50,066,000)
FY2026-27	\$ (121,411,000)
FY2027-28	\$ (124,446,000)
FY2028-29	\$ (127,557,000)

LB 157 would require a one-time programming charge of \$66,558 paid to the OCIO for mainframe and web development costs. DOR will also need to hire 0.5 FTE of Revenue Agent for implement of the Act.