PREPARED BY: DATE PREPARED: PHONE: John Wiemer March 12, 2025 402-471-0051 **LB 171** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2025-26		FY 2026-27			
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE			
GENERAL FUNDS		\$100,516,000		\$395,851,000		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		\$100,516,000		\$395,851,000		

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

LB 171 amends individual tax rates to provide that rates three and four shall be 4.99% for taxable years beginning on or after January 1, 2026.

The bill also amends corporate tax rates to provide that the rate shall be 4.99% for taxable years beginning on or after January 1, 2026.

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

	Individual	Corporation	Total		
FY 2025-26	\$ 90,000,000	\$ 10,516,000	\$ 100,516,000		
FY 2026-27	\$ 339,000,000	\$ 56,851,000	\$ 395,851,000		
FY 2027-28	\$ 518,000,000	\$ 136,353,000	\$ 654,353,000		
FY 2028-29	\$ 538,000,000	\$ 199,796,000	\$ 737,796,000		

The DOR estimates minimal costs to it as a result of the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 171 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED	BY: Ryan Yang	DATE: 3/11/2025	PHONE: (402) 471-4178		
COMMENTS: Concur with the Department of Revenue assessment of fiscal impact from LB 171.					

## **LB 0171** Fiscal Note 2025

State Agency Estimate						
State Agency Name: Department of Revenue			Date Due LFO:			
Approved by: James R. Kamm		Date Prepared:	03/10/2025		Phone: 471-5896	
	FY 202:	FY 2025-2026		6-2027	FY 2027-2028	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$100,516,000		\$395,851,000		\$654,353,000
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$100,516,000		\$395,851,000		\$654,353,000
	•					

LB 171 amends the individual and corporation income tax rates. The individual and fiduciary tax rates three and four will change to 4.99% for tax years beginning on or after January 1, 2026.

The corporate tax rate will change to 4.99% for tax years beginning on or after January 1, 2026.

The estimated fiscal impact of LB 171 to the General Fund revenues would be as follows:

	Individual	Corporation	Total
FY 2025-26	\$ 90,000,000	\$ 10,516,000	\$ 100,516,000
FY 2026-27	\$ 339,000,000	\$ 56,851,000	\$ 395,851,000
FY 2027-28	\$ 518,000,000	\$ 136,353,000	\$ 654,353,000
FY 2028-29	\$ 538,000,000	\$ 199,796,000	\$ 737,796,000

It is estimated that there will be minimal costs for the Department of Revenue to implement LB 171.

Major Objects of Expenditure							
Class Code	Classification Title	25-26 <u>FTE</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
Benefits			<u> </u>	<u> </u>			
Operating Costs	Operating Costs.						
Travel							
Capital Improvemen	Capital Improvements.						
Total	•••••	••••••					