

PREPARED BY: John Wiemer  
DATE PREPARED: February 05, 2025  
PHONE: 402-471-0051

**LB 709**

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	\$65,087			(\$233,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$65,087			(\$233,000)

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

LB 709 establishes the Adoption Tax Credit Act.

Under the bill, for taxable years beginning on or after January 1, 2026, there shall be allowed a credit against the income tax imposed by the Nebraska Revenue Act of 1967 for any taxpayer that is eligible for the federal adoption expenses tax credit provided in 26 U.S.C. 23.

The credit shall be a refundable credit equal to 10% of the federal tax credit allowed to the taxpayer under 26 U.S.C. 23 in the same taxable year.

The Department of Revenue (DOR) may adopt and promulgate rules and regulations to carry out the Act.

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

- FY27: (\$233,000)
- FY28: (\$239,500)
- FY29: (\$247,000)

The DOR estimates a one-time programming charge of \$65,087 to be paid to the Office of the Chief Information Officer (OCIO) 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: 709	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang		DATE: 2/5/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 709 appears reasonable.			

## State Agency Estimate

State Agency Name: Department of Revenue						Date Due LFO:		
Approved by: James R. Kamm			Date Prepared: 02/04/2025		Phone: 471-5896			
	<b><u>FY 2025-2026</u></b>			<b><u>FY 2026-2027</u></b>			<b><u>FY 2027-2028</u></b>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$65,087	\$0			\$ (233,000)			\$ (239,500)
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$65,087	\$ 0			\$ (233,000)			\$ (239,500)

LB 709 would create a refundable tax credit effective for tax years beginning after January 1, 2026, based on the federal adoption tax credit. The Nebraska adoption tax credit would be 10% of the federal adoption tax credit. LB 709 allows the Department of Revenue (DOR) to adopt and promulgate rules and regulations related to the credit.

The credit is not allowed when the taxpayer is adopting their spouse's child, adopting a child as part of a surrogate parent arrangement, or if the taxpayer's costs are paid by their employer or a federal, state, or local program. The adopted child must be under 19 or unable to care for themselves.

The credit amount is measured per adopted child, not each calendar year. The credit can be split between multiple years if adoption costs are incurred in multiple calendar years. The adoption credit for a single child can be carried forward for five years.

The DOR estimates that LB 709 would impact the General Fund revenues as follows:

Fiscal Year	General Fund revenues
FY26-27	\$ (233,000)
FY27-28	\$ (239,500)
FY28-29	\$ (247,000)

LB 709 will require a one-time programming charge of \$65,087 paid to the OCIO for mainframe and web development.

### Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....					\$65,087		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>					\$65,087		