PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 14, 2025 402-471-0051

LB 710

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | | | |
|------------------------------------------------------------------------------------------------|--------------|----------------|--------------|----------------|--|--|
| | FY 202 | 25-26 | FY 2026-27 | | | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE | | |
| GENERAL FUNDS | | (\$28,541,000) | | (\$28,826,000) | | |
| CASH FUNDS | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER FUNDS | | | | | | |
| TOTAL FUNDS | | (\$28,541,000) | | (\$28,826,000) | | |

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

LB 710 changes the refundable income tax credit on earned income. The bill changes the credit from 10% to 20% of the federal credit allowed beginning taxable years on or after January 1, 2025.

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

- FY 25-26: (\$28,541,000)
- FY 26-27: (\$28,826,000)
- FY 27-28: (\$29,114,000)
- FY 28-29: (\$29,405,000)

The DOR estimates minimal costs to it to implement the bill.

There is no basis to disagree with these estimates.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | | | |
|-------------------------------------------------------------------------------------------------|-----|-----------------------------------------|-----------------------|--|--|
| LB: 710 | AM: | AGENCY/POLT. SUB: Department of Revenue | | | |
| REVIEWED BY: Ryan Yang | | DATE: 2/14/2025 | PHONE: (402) 471-4178 | | |
| COMMENTS: The Department of Revenue assessment of fiscal impact from LB 710 appears reasonable. | | | | | |

LB 0710 Fiscal Note 2025

| State Agency Estimate | | | | | | | |
|-------------------------------------------|--------------|----------------------------|--------------|----------------|---------------|----------------|--|
| State Agency Name: Department of | of Revenue | | | | Date Due LFO: | | |
| Approved by: James R. Kamm Date Prepared: | | 02/14/2025 Phone: 471-5896 | | | | | |
| | FY 2025-2026 | | FY 2026-2027 | | FY 2027-2028 | | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue | |
| General Funds | | \$(28,541,000) | | \$(28,826,000) | | \$(29,114,000) | |
| Cash Funds | | | | | | | |
| Federal Funds | | | | | - | | |
| Other Funds | | | | | | | |
| Total Funds | | \$(28,541,000) | | \$(28,826,000) | | \$(29,114,000) | |
| | · · | | | | - | | |

LB 710 would increase the earned income tax credit based on the federal credit from 10% to 20% for taxable years beginning on or after January 1, 2025.

It is estimated that this bill will have the following impacts on General Fund revenues:

| | GF Revenues | | | | |
|---------|-----------------|--|--|--|--|
| FY25-26 | \$ (28,541,000) | | | | |
| FY26-27 | \$ (28,826,000) | | | | |
| FY27-28 | \$ (29,114,000) | | | | |
| FY28-29 | \$ (29,405,000) | | | | |

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.

| 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 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Operating Costs | Benefits | | | | | | |
| Travel | | | | | | | |
| Total | | | | | | | |