

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	33,600	0	0	0	33,600
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	43,839,000	0	0	0	43,839,000
FY2027-2028	28,546,000	0	0	0	28,546,000
FY2028-2029	27,975,000	0	0	0	27,975,000

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

LB851 would change income tax provisions relating to income received by Nebraska-resident shareholders of S-Corporations or members of Limited Liability Companies. The bill would eliminate adjustments decreasing income for non-Nebraska income or losses for tax years beginning or deemed to begin on or after January 1, 2026.

The bill would end the ability for Nebraska-resident shareholders of S-Corps and LLCs that have income or losses in Nebraska and at least one other state to reduce their Nebraska taxable income according to the apportionment formula under Neb. Rev. Stat. §77-2734.01(2).

The Department of Revenue (DOR) estimates that the provisions of LB851 would have the following impact on General Fund individual income tax revenues:

- FY2026-27 \$43,839,000
- FY2027-28 \$28,546,000
- FY2028-29 \$27,975,000

DOR would also require programming changes to remove a line from Form 1040N, Schedule I. The department estimates a one-time programming charge of \$33,600 paid to the OCIO to make the change. No basis to disagree with the department's General Fund impact estimate.

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

LB: 851 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Ryan Yang DATE: 2/17/2026 PHONE: (402) 471-4178

COMMENTS: The Department of Revenue assessment of fiscal impact from LB 851 appears reasonable.

