

**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	0	66,765	0	0	66,765
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	0	43,259,000	0	0	43,259,000
FY2027-2028	0	105,984,000	0	0	105,984,000
FY2028-2029	0	116,679,000	0	0	116,679,000

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

LB974 would impose an excise tax on income greater than \$1,000,000 for single, married filing separately, or estates and trusts taxpayers, and on income greater than \$2,000,000 for married filing jointly or head-of-household taxpayers. The rate of the excise tax would be 9.4% less the applicable individual income tax rate found in Neb. Rev. Stat. § 77-2715.03 on incomes over \$1,000,000 or \$2,000,000 for the applicable filing statuses.

The Department of Revenue (DOR) would be required to collect the new excise tax at least once per year. The bill also creates a new cash fund, the Tax Equity Cash Fund, administered by DOR. Excise taxes collected under the bill would be deposited by the State Treasurer into this cash fund. DOR may use funds from the Tax Equity Cash Fund to pay for costs of administering the excise tax and the cash fund itself. The Legislature may transfer funds from the new cash fund to the General Fund, the Education Future Fund, or the Property Tax Credit Cash Fund.

DOR estimates that the provisions of LB974 would have the following impacts on the Tax Equity Cash Fund revenues:

- FY2026-27 \$ 43,259,000
- FY2027-28 \$ 105,984,000
- FY2028-29 \$ 116,679,000

DOR also reports that the provisions of LB974 would require a one-time programming change to collect the excise tax through the form 1040N and NebFile system. The Department estimates that the OCIO would charge \$66,765 to make the necessary changes.

There is no basis to disagree with the Department's estimates.

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Prepared: 02/20/2026		Date Due LFO:		
Approved by: James R. Kamm				Phone: 471-5896		
	<b>FY 2026-2027</b>		<b>FY 2027-2028</b>		<b>FY 2028-2029</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$66,765	\$ 43,259,000		\$ 105,984,000		\$ 116,679,000
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$66,765</b>	<b>\$ 43,259,000</b>		<b>\$ 105,984,000</b>		<b>\$ 116,679,000</b>

LB 974 imposes an excise tax on each dollar of individual income above \$1 million for single, married filing separate, or estate and trust taxpayers and above \$2 million for married filing jointly or head of household taxpayers. The rate of tax is 9.5%, less the applicable individual income tax rate in Neb. Rev. Stat. § 77-2715.03. The excise tax is for taxable years beginning on or after January 1, 2027.

The Department of Revenue (DOR) must collect the excise tax at least once per taxable year on a form and in the manner prescribed by the DOR. The tax is remitted to the State Treasurer for credit to the Tax Equity Cash Fund.

The Tax Equity Cash Fund (Fund) is created and administered by the DOR. The Fund consists of the excise tax collected under LB 974. The DOR may use money in the Fund to pay for costs associated with any duty of the DOR under LB 974 and administration of the Fund. Money in the Fund may be transferred as approved by the Legislature to the:

- General Fund;
- Education Future Fund; or
- Property Tax Credit Cash Fun.

It is estimated that LB 974 will have the following fiscal impact:

Fiscal Year	Tax Equity Cash Fund
FY26-27	\$ 43,259,000
FY27-28	\$ 105,984,000
FY28-29	\$ 116,679,000

**Major Objects of Expenditure**

Class Code	Classification Title	26-27	27-28	28-29	26-27	27-28	28-29
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	....						
	Operating						
	Costs.....				\$66,765		
	Travel.....						
	....						
	Capital						
	Outlay.....						
	Capital						
	Improvements.....						
	<b>Total.....</b>				\$66,765		
	....						

LB 974 requires a one-time programming charge of \$66,765 paid to OCIO to add a line to form 1040N, Schedule I and NebFile.