John Wiemer February 06, 2024 402-471-0051

LB 1182

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	4-25	FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS				(\$29,320,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS				(\$29,320,000)			

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

LB 1182 would change the refundable income tax credit on earned income. The bill would change 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: (\$29,320,000)
- FY 26-27: (\$29,379,000)
- FY 27-28: (\$29,438,000)

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

AGENCY/POLT. SUB: Department of Revenue

LB: 1182 AM:

REVIEWED BY: Neil Sullivan

DATE: 2/6/2024

PHONE: (402) 471-4179

COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1182 appears reasonable.

Fiscal Note 2024

State Agency Estimate								
State Agency Name: Department of		Date Due LFO:						
Approved by: James R. Kamm		Date Prepared:	02/05/2024 Phone: 471-5896					
	FY 2024-2025		<u>FY 2025-2026</u>		FY 2026-2027			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$ 0		\$ (29,320,000)		\$ (29,379,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0		\$ (29,320,000)		\$ (29,379,000)		

LB 1182 increases the refundable earned income tax credit that a taxpayer may claim on the Nebraska Individual Income Tax Return 1040N. For taxable years beginning on or after January 1, 2025, the credit would increase from 10% to 20% of the federal earned income tax credit.

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

Fiscal Year	General Fund Revenues			
FY25-26	\$ (29,320,000)			
FY26-27	\$ (29,379,000)			
FY27-28	\$ (29,438,000)			

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

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	
Benefits	Benefits							
Operating Costs								
Travel								
Capital Outlay Capital Improvements Total								