

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$213,790,000		\$543,193,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$213,790,000		\$543,193,000

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

LB 1318 would change the calculations for the amount of credits under the Nebraska Property Tax Incentive Act for school district taxes. The bill would make changes so that for taxable years beginning or deemed to begin during calendar year 2024 and each calendar year thereafter, the Department of Revenue (DOR) would set the credit percentage so that the total amount of credits for the taxable years would be the maximum amount of credits allowed in the prior year plus:

- In the case that the Cash Reserve Fund is less than \$500 million, 50% of the actual General Fund net receipts for the most recently completed fiscal year minus 103.5% of actual General Fund net receipts for the prior fiscal year; or
- In the case that the Cash Reserve Fund is \$500 million or more, actual General Fund net receipts for the most recently completed fiscal year minus 103.5% of actual General Fund net receipts for the prior fiscal year.

The bill would also eliminate the allowable growth percentage, and it being utilized to calculate credits under the Act.

As part of this bill, section 77-4602(4) is eliminated. This would remove the change to how Cash Fund Reserve transfers from the General Fund occur from FY24 and each fiscal year after. This could alter transfer amounts from the General Fund to the Cash Reserve Fund with this change but the impact is indeterminant at this time.

The DOR estimates the following increases to General Fund revenues based on an expectation the Cash Reserve Fund is to be above \$500 million and negative adjustments to the credits under the Act as a result of the calculations outlined in the bill:

- FY 24-25: \$213,790,000
- FY 25-26: \$543,193,000
- FY 26-27: \$676,489,000
- FY 27-28: \$702,160,000

The DOR estimates no cost 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: 1318	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 1/29/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1318 appears reasonable.		

