PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 30, 2023 402-471-0051

LB 806

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2023-24		FY 2024-25			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		(\$301,032,000)		(\$150,960,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$301,032,000)		(\$150,960,000)		

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

LB 804 seeks to lower the top individual income tax rate to 5.84% for taxable years beginning on or after January 1, 2023.

The Department of Revenue (DOR) estimates the following reductions to General Fund revenues from this bill:

• FY 2023-24: (\$301,032,000)

• FY 2024-25: (\$150,960,000)

• FY 2025-26: (\$89,609,000)

• FY 2026-27: (\$28,427,000)

FY 2027-28: \$ -

The DOR estimates that there will be minimal costs for 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: 806 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY:	Neil Sullivan	DATE: 1/31/2023	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 806 appears reasonable.					

LB 806 Fiscal Note 2023

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFO:		
Approved by: Glen White	Approved by: Glen White		01/30/2023 Phone: 471-5896				
	FY 202	23-2024	FY 2024-2025		FY 2025-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ (301,032,000)		\$ (150,960,000)		\$ (89,609,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ (301,032,000)		\$ (150,960,000)		\$ (89,609,000)	

LB 806 amends section § 77-2715.03 to change the top individual income tax rate to 5.84% for taxable years beginning on or after January 1, 2023.

The estimated fiscal impact to the General Fund revenues would be as follows:

FY 2023-24	\$ (301,032,000)
FY 2024-25	\$ (150,960,000)
FY 2025-26	\$ (89,609,000)
FY 2026-27	\$ (28,427,000)
FY 2027-28	\$ -

The estimates for fiscal year 2023-24 show a significantly larger because taxpayers already paid their withholding for tax year 2023 base on the current higher tax rate and will claim it when the taxpayer file their 2023 tax return in early 2024. Taxpayers will begin to adjust their withholding beginning January 1, 2024 to reflect the new lower top rate.

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	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 Expenditures	24-25 Expenditures	25-26 Expenditures
Benefits							
Operating Costs	Operating Costs.						
Travel	Travel						
Capital Outlay							
Capital Improvements.							
Total							