PREPARED BY: DATE PREPARED: PHONE: Bill Biven, Jr. February 21, 2024 402-471-0054

LB 1006

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2024-25 EXPENDITURES REVENUE		FY 2025-26			
			EXPENDITURES	REVENUE		
GENERAL FUNDS			See Below			
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS			See Below			

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

LB1006 amends §79-1005.01 to change the provisions related to allocated income tax funds within the Tax Equity & Educational Opportunities Support Act (TEEOSA).

Beginning with the 2025-26 school year & each school year thereafter, each local system's allocated income tax funds will be calculated by multiplying the local system's income tax liability certified by 20%.

EXPENDITURES:

By increasing the allocated income tax factor from 2.23% to 20% within the TEEOSA calculation, the result would increase the amount of TEEOSA aid by \$247,000,000.

	ADMINISTRA	ATIVE SERVICES	STATE BUDGET DIVISION:	REVIEW OF AC	SENCY & POLT. SUB. RESPONSE	
LB:	LB: 1006 AM: AGENCY/POLT. SUB: Nebraska Department of Education					
REV	/IEWED BY:	Gary Bush	DATE:	1/11/24	PHONE: (402) 471-4161	
COMMENTS: Agree with the agency that the bill would transfer General Funds to the Education Future Fund. Note: The Nebraska Property Tax Incentive Act is an individual income tax credit. By directing a transfer, the bill will have a negative General Fund impact.						

	ADMINISTRA	ATIVE SERVICES	STATE BUDGET DIVISION:	REVIEW OF AGE	ENCY & POLT. SUB. RESPONSE		
LB:	1006	AM:	AGENCY/POLT.	SUB: Departmen	t of Revenue		
RE\	VIEWED BY:	Gary Bush	DATE:	2/26/24	PHONE: (402) 471-4161		
Ger	COMMENTS: Agree with the agency's estimate of no fiscal impact to agency. There would be a sizeable decrease to General Fund revenues as more income tax revenue is shifted to school districts as part of the TEEOSA School Aid formula.						

\$247,000,000

Capital improvements.....

TOTAL.....

				FISCAL NOT
State Agency OR Politic	cal Subdivision Name: (2)	NE Department of	Education	
Prepared by: (3) Bry	yce Wilson	Date Prepared: (4)	1/8/24 Pho	one: (5) 402-471-4320
	ESTIMATE PROV	DED BY STATE AGEN	NCY OR POLITICAL SUP	BDIVISION
	FY	2024-25	E.	Y 2025-26
	EXPENDITURES		<u>EXPENDITURES</u>	REVENUE
GENERAL FUNDS			\$247,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$247,000,000	
Explanation of Estim	ate.			
Personal Services:	BREAKDOV	VN BY MAJOR OBJECT	'S OF EXPENDITURE	
Personal Services: POSITION	N	VN BY MAJOR OBJECT UMBER OF POSITIONS 24-25 25-26		2025-26 EXPENDITURES
Personal Services: POSITION Benefits	TITLE	UMBER OF POSITIONS	S 2024-25	
POSITION Benefits Operating	TITLE	UMBER OF POSITIONS	S 2024-25	
POSITION Benefits	TITLE N	UMBER OF POSITIONS	S 2024-25	

LB 1006 Fiscal Note 2024

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFO:							
Approved by: James R. Kamm		Date Prepared:	02/22/2024		Phone: 471-5896		
FY 2024-2025		I-202 <u>5</u>	FY 2025-2026		FY 2026-2027		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	See below		See below		See below		
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	See below	_	See below		See below		
	·		•	•			

Neb. Rev. Stat. § 79-1005.01(1) of the Tax Equity and Educational Opportunities Support Act (TEEOSA) requires the Department of Revenue (DOR) to certify for the preceding tax year the income tax liability of resident individuals in each local system by no later than November 15 each year.

LB 1006 provides that for school fiscal years before 2025-26, each local system's allocated income tax funds will be calculated by multiplying the certified amount under § 79-1005.01(1) by 2.23%. For school fiscal years 2025-26 and after, LB 1006 provides that each local system's allocated income tax funds are calculated by multiplying the certified amount in § 79-1005.01(1) by 20%.

LB 1006 alters TEEOSA, which will have a corresponding impact on General Fund expenditures.

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

The operative date for this bill is three months after adjournment.

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