

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$105,660	(\$37,311,000)		(\$38,617,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$105,660	(\$37,311,000)		(\$38,617,000)

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

LB 740 seeks to create an income tax credit for taxable years on or after January 1, 2023 for individual taxpayers renting their principle dwelling. The credit is to be equal to lesser of either the total rent paid in the tax year or \$3,000.

LB 740 limits the credit for a married taxpayer filing jointly to \$3,000, and for a married taxpayer filing separately to \$1,500. Taxpayers that are exempt from property taxes are identified as ineligible for this credit.

The Department of Revenue estimates that approximately 257,000 households will claim this deduction for the maximum allowed by their filing status. This would have the following impact on General Fund revenues:

- FY22-23: \$0
- FY23-24: (\$37,311,000)
- FY24-25: (\$38,617,000)

Additionally, the Department of Revenue estimates a one-time OCIO charge of \$105,660 to implement LB 740.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 740	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 1/25/2022	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 740 appears reasonable.		

