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

**LB 804** 

Revision: 00

## **FISCAL NOTE**

## LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	23-24	FY 2024-25			
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE		
GENERAL FUNDS		(\$60,092,000)		(\$59,217,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$60,092,000)		(\$59,217,000)		

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

LB 804 seeks to lower the corporate income tax rate. Specifically, LB 804 provides for the reduction of the tax rate on income in excess of \$100,000. The corporate income tax rate for income in excess of \$100,000 would be lowered to 5.84% beginning on or after January 1, 2023.

The operative date for this bill is January 1, 2023.

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

Fiscal Year	General Fund revenues		
FY 2022-23	\$ -		
FY 2023-24	\$ (60,092,000)		
FY 2024-25	\$ (59,217,000)		
FY 2025-26	\$ (41,763,000)		
FY 2026-27	\$ (20,916,000)		
FY 2027-28	\$ (7,874,000)		
FY 2028-29	\$ (1,428,000)		
FY 2029-30	\$ -		

The DOR estimates that there will be no 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: 804	.B: 804 AM: AGENCY/POLT. SUB: Department of Revenue			
REVIEWED B	Y: Neil Sullivan	DATE: 1/31/2023	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 804 appears reasonable.				

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFO:		
Approved by: Glen White		Date Prepared:	01/30/2023		Phone: 471-5896		
		3-2024	FY 2024-2025		FY 2025-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$60,092,000)		(\$59,217,000)		(\$41,763,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$60,092,000)		(\$59,217,000)		(\$41,763,000)	

LB 804 amends Neb. Rev. Stat § 77-34.02 to lower corporate income tax rates on amounts in excess of \$100,000 for taxable years beginning on or after January 1, 2023 to be 5.84%.

It is estimated that LB 804 will have the following impact on the General Fund revenues:

Fiscal Year	General Fund revenues				
FY 2022-23	\$ -				
FY 2023-24	\$ (60,092,000)				
FY 2024-25	\$ (59,217,000)				
FY 2025-26	\$ (41,763,000)				
FY 2026-27	\$ (20,916,000)				
FY 2027-28	\$ (7,874,000)				
FY 2028-29	\$ (1,428,000)				
FY 2029-30	\$ -				

It is estimated that there will be no costs to the Department of Revenue to implement this bill.

The operative date for this bill is January 1, 2023.

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
Operating Costs	Operating Costs						
	Travel						
Capital Outlay							
Capital Improvements							
Total							