John Wiemer February 8, 2023 402-471-0051

LB 242

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2023-24		FY 202	4-25		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS				(419,675,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS				(419,675,000)		

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

LB 242 makes changes to the school district property tax credits provided by the Property Tax Incentive Credit Act. The allowable growth percentage for the total assessed value of all real property in the state from the prior year to the current year of 5% is eliminated under this bill. For taxable year 2024, the credit percentage would be set so that the total amount of credits would be \$1 billion. For taxable year 2025 and after, the credit percentage would be set so that the total amount of credits for such taxable years would be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage.

The Department of Revenue (DOR) estimates the following reduction to General Fund revenue from the bill:

• FY 23-24: \$ -

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- FY 24-25: (\$419,675,000)
- FY 25-26: (\$434,364,000)
- FY 26-27: (\$449,567,000)

The DOR estimates that there will be no costs to it to implement this bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 242	AM:	AGENCY/POLT. SUB: Depart	AGENCY/POLT. SUB: Department of Revenue		
REVIEWED B	Y: Neil Sullivan	DATE: 2/7/2023	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 242 appears reasonable.					

State Agency Estimate							
State Agency Name: Department of	Revenue				Date Due LFO:		
Approved by: Glen White		Date Prepared:	02/06/2023		Phone: 471-5896		
	FY 2023-2024		FY 2024-2025		FY 2025-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ O		\$ (419,675,000)		\$(434,364,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ (419,675,000)		\$(434,364,000)	

LB 242 makes several changes related to the school district property tax credits provided by the Property Tax Incentive Credit Act. The changes include:

- 1. Eliminating the 5% per year allowable growth percentage limitation.
- 2. Changing the total credit amount for tax years beginning in 2024 to one billion dollars.
- 3. Changing the total credit amount for tax years beginning in 2025 and each calendar year thereafter. For each of these tax years, the total credits are the amount allowed in the prior year increased by the allowable growth percentage.

The estimated fiscal impact of LB 242 to the general fund revenues are as follows:

FY 2023-24	\$ -
FY 2024-25	\$ (419,675,000)
FY 2025-26	\$ (434,364,000)
FY 2026-27	\$ (449,567,000)

It is estimated that there will be no 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 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>
Benefits	Benefits						
Operating Costs							
Travel							
Capital Outlay							
Capital Improvements							
Total							