John Wiemer February 6, 2023 402-471-0051

LB 295

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	3-24	FY 2024-25			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS				(\$19,924,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS				(\$19,924,000)		

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

LB 295 seeks to increase the amount of earned income tax credit. Currently, the credit is equal to 10% of the federal earned income tax credit allowed under section 32 of the Internal Revenue Code of 1986. Under LB 295, the credit percentage would increase to 17% on or after January 1, 2024.

The Department of Revenue (DOR) estimates the following General Fund revenue loss due to LB 295:

Fiscal Year	General Fund revenues		
FY 2023-2024	\$ -		
FY 2024-2025	\$ (19,924,000)		
FY 2025-2026	\$ (20,123,000)		
FY 2026-2027	\$ (20,325,000)		

The DOR estimates there will be minimal costs to implement LB 295.

There is no basis to disagree with these estimates.

ADMINI	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 295	LB: 295 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED B	Y: Neil Sullivan	DATE: 2/3/2023	PHONE: (402) 471-4179				
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 295 appears reasonable.							

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFO:								
	Date Prepared:	02/03/2023		Phone: 471-5896				
FY 2023-2024		FY 2024-2025		<u>FY 2025-2026</u>				
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
	\$ 0		(\$19,924,000)		(\$20,123,000)			
	\$ 0		(\$19,924,000)		(\$20,123,000)			
	<u>FY 202</u>	Revenue Date Prepared: FY 2023-2024 Expenditures Revenue \$0	Revenue Date Prepared: 02/03/2023 FY 2023-2024 FY 202 Expenditures Revenue Expenditures \$ 0 \$ 0	Revenue Date Prepared: 02/03/2023 FY 2023-2024 FY 2024-2025 Expenditures Revenue Expenditures Revenue \$ 0 (\$19,924,000) (\$19,924,000)	Revenue Date Due LFO: Date Prepared: 02/03/2023 Phone: 471-5896 FY 2023-2024 FY 2024-2025 FY 202 Expenditures Revenue Expenditures Expenditures \$0 (\$19,924,000)			

LB 295 increases the refundable earned income tax credit. The credit would remain 10% of the federal credit for any tax year before 2024. It will increase to 17% of the federal credit beginning with tax year 2024 and thereafter.

It is estimated that LB 295 will have the following impact on the General Fund revenues:

Fiscal Year	General Fund revenues		
FY 2023-2024	\$ -		
FY 2024-2025	\$ (19,924,000)		
FY 2025-2026	\$ (20,123,000)		
FY 2026-2027	\$ (20,325,000)		

It is estimated that there will be minimal costs to 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							