John Wiemer February 20, 2024 402-471-0051

LB 1279

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)										
	FY 202	4-25	FY 2025-26							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE						
GENERAL FUNDS	\$156,999	\$3,873,000,000		\$2,590,000,000						
CASH FUNDS										
FEDERAL FUNDS										
OTHER FUNDS										
TOTAL FUNDS	\$156,999	\$3,873,000,000		\$2,590,000,000						

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

LB 1279 would make changes so that for taxable years beginning on or after January 1, 2024 federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would be increased by an amount equal to 12% of the unrealized capital gains of a corporation, fiduciary, or individual in a taxable year.

The Department of Revenue (DOR) estimates the following increase to General Fund revenues as a result of this bill:

- FY 24-25: \$3,873,000,000
- FY 25-26: \$2,590,000,000
- FY 26-27: \$2,430,000,000

The DOR estimates a need for a one-time programming charge of \$156,999 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe and web development.

There is no basis to disagree with these estimates by the DOR.

 ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

 LB: 1279
 AM:
 AGENCY/POLT. SUB: Department of Revenue

 REVIEWED BY:
 Neil Sullivan
 DATE: 2/20/2024
 PHONE: (402) 471-4179

 COMMENTS:
 No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 1279.

Fiscal Note 2024

State Agency Estimate										
FY 2026-2027										
enue										
000,000										
000,000										
),										

E.A.

G4 - 4 -

LB 1279 imposes income tax on the unrealized capital gains of corporations, fiduciaries, and individuals. For tax years beginning on or after January 1, 2024, corporations, fiduciaries, and individuals must increase their federal taxable income or federal adjusted gross income by 12% of their unrealized capital gains.

Department of Revenue (DOR) estimated that this bill will have the following impact on General Fund revenues. Note that DOR's estimates are static estimates and do not take into account the movement of population.

FY2024-25	\$ 3,873,000,000
FY2025-26	\$ 2,590,000,000
FY2026-27	\$ 2,430,000,000

LB 1279 will require a one-time programming charge of \$156,999 paid to the OCIO for mainframe development and web development.

Major Objects of Expenditure										
<u>Class Code</u>	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>			
Benefits										
Operating Costs					\$156,999					
Travel										
Capital Outlay										
Capital Improvements Total					\$156,999					