

Revised to correct error

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	\$61,873			(\$75,901,876)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$61,873			(\$75,901,876)

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

LB 926 provides for a refundable income tax credit.

For tax years beginning on or after January 1, 2023, an individual taxpayer will be able to claim a refundable income tax credit equal to the greater of either:

- 2% of the amount of rent paid in a tax year on the individuals principle dwelling; or
- Fifty dollars

The amount claimed by an individual in any given year is not to exceed five-hundred dollars. Dwelling is defined as a single-family dwelling or a unit of a multifamily dwelling.

The Department of Revenue estimates approximately 257,000 households would claim this credit each tax year. This would have the following impact on General Fund revenues:

- FY22-23: \$0
- FY23-24: (\$75,901,876)
- FY24-25: (\$78,558,441)

Additionally, the Department of Revenue estimates the need for a one-time OCIO charge of \$61,873 to implement LB 926.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 926	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 926 appears reasonable.		

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: Tony Fulton

Date Prepared: 1/24/2022

Phone: 471-5896

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$61,873	\$ 0		(\$ 75,901,876)		(\$ 78,558,441)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$61,873	\$ 0		(\$ 75,901,876)		(\$ 78,558,441)

LB 926 amends section §77-2715.07 to allow a refundable income tax credit to individuals who rent a dwelling in Nebraska during the taxable year for use as the individual’s principal place of residence. The credit will equal the greater of (i) 2% of the total amount of rent paid by the individual on such dwelling during the taxable year or (ii) \$50.00. The credit cannot exceed \$500. The term dwelling includes a single-family dwelling and a unit of a multifamily dwelling.

Using the American Community Survey data, The Department of Revenue (DOR) estimates the number of rental households in Nebraska to be 257,000. DOR assumes no change in withholding and estimates the total reduction to the General Fund revenues as follows:

FY 2022-23	\$	0
FY 2023-24	\$	75,901,876
FY 2024-25	\$	78,558,441

The credit applies to taxable years beginning on or after January 1, 2023.

LB 926 will require a one-time programming charge of \$61,873 paid to the OCIO for mainframe and web development costs.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
Benefits.....							
Operating Costs.....					\$61,873		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....					\$61,873		