

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	\$52,535	(\$61,738,000)		(\$176,513,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$52,535	(\$61,738,000)		(\$176,513,000)

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

LB 939 amends provisions related to individual income tax.

LB 939 sets a schedule for a reduction of the top individual income tax rate, which is currently set to 6.84%. The brackets for all filing statuses remain unchanged. The top rate is set to decrease as follows:

- For taxable years beginning Jan 1, 2023, and before Jan 1, 2024: 6.34%
- For taxable years beginning Jan 1, 2024, and before Jan 1, 2025: 6.14%
- For taxable years on or after Jan 1, 2025: 5.84%

The Department of Revenue estimates the following reduction to General Fund revenues:

- FY22-23: (\$61,738,000)
- FY23-24: (\$176,513,000)
- FY24-25: (\$266,421,000)
- FY25-26: (\$344,460,000)
- FY26-27: (\$363,405,000)

Additionally, the Department of Revenue estimates the need for a one-time OCIO charge of \$52,535 to implement LB 939.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 939	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 1/25/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 939.		

State Agency Estimate

State Agency Name: Department of Revenue	Date Due LFO:
Approved by: Tony Fulton	Date Prepared: 1/24/2022
	Phone: 471-5896

	FY 2022-2023		FY 2023-2024		FY 2024-2025	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$52,535	\$ (61,738,000)		\$ (176,513,000)		\$ (266,421,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$52,535	\$ (61,738,000)		\$ (176,513,000)		\$ (266,421,000)

LB 939 amends section 77-2715.03 to change the top individual income tax rates as follows:

- 6.84% for tax years beginning on or after January 1, 2014 and before January 1, 2023;
- 6.34% for tax years beginning on or after January 1, 2023 and before January 1, 2024;
- 6.14% for tax years beginning on or after January 1, 2024 and before January 1, 2025; and
- 5.84% for tax years beginning on or after January 1, 2025.

The estimated fiscal impact to the General Fund revenues would be as follows:

FY 2022-23	\$ (61,738,000)
FY 2023-24	\$ (176,513,000)
FY 2024-25	\$ (266,421,000)
FY 2025-26	\$ (344,460,000)
FY 2026-27	\$ (363,405,000)

LB 939 would require a one-time programming charge of \$52,535 paid to the OCIO for mainframe costs for the rates change.

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.....				\$52,535		
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....				\$52,535		