

Revised to clarify fiscal impact in FY24-25, FY25-26, and FY26-27

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	\$63,041	(\$63,602,000)		(\$187,143,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$63,041	(\$63,602,000)		(\$187,143,000)

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, and as amended by AM 1780, corporate 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%

As amended by AM1780, the bill also lowers the corporate income tax rate on income in excess of \$100,000 and strikes the intent language enacted by the legislature in the 2021 session, as proposed in LB 938. As amended, the rates in LB 939 are as follows:

- For taxable years beginning on Jan 1, 2023, and before Jan 1, 2024: 7.00%
- For taxable years beginning on Jan 1, 2024, and before Jan 1, 2025: 6.50%
- For taxable years beginning on Jan 1, 2025, and before Jan 1, 2026: 6.14%
- For taxable years beginning on Jan 1, 2026, and before Jan 1, 2027: 5.84%

Revenue:

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

- FY22-23: (\$63,602,000)
- FY23-24: (\$187,143,000)
- FY24-25: (\$289,419,000)
- FY25-26: (\$380,657,000)
- FY26-27: (\$415,654,000)

Expenditures:

The Department of Revenue estimates the need for a one-time OCIO charge of \$63,041 to implement LB 939.

There is no basis to disagree with these estimates.

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

	Individual	Corporation	Total
FY 2021-22	\$ -	\$ -	\$ -
FY 2022-23	\$ (61,738,000)	\$ (1,864,000)	\$ (63,602,000)
FY 2023-24	\$ (176,513,000)	\$ (10,630,000)	\$ (187,143,000)
FY 2024-25	\$ (260,139,000)	\$ (29,280,000)	\$ (289,419,000)
FY 2025-26	\$ (327,169,000)	\$ (53,488,000)	\$ (380,657,000)
FY 2026-27	\$ (340,565,000)	\$ (75,089,000)	\$ (415,654,000)

LB 939 would require a one-time programming charge of \$63,041 paid to the OCIO for mainframe costs for the rates change.