

**FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE**

Revised to include agency comment

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |                      |                   |                      |
|---|-------------------|----------------------|-------------------|----------------------|
|   | <b>FY 2024-25</b> |                      | <b>FY 2025-26</b> |                      |
|   | EXPENDITURES      | REVENUE              | EXPENDITURES      | REVENUE              |
| GENERAL FUNDS   |                   | \$243,108,000        |                   | \$684,865,000        |
| CASH FUNDS  |                   |                      |                   |                      |
| FEDERAL FUNDS   |                   |                      |                   |                      |
| OTHER FUNDS   |                   |                      |                   |                      |
| <b>TOTAL FUNDS</b>  |                   | <b>\$243,108,000</b> |                   | <b>\$684,865,000</b> |

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

LB10 would amend the state of Nebraska Individual Income and Corporate Tax rates.

| Bracket # | Tax rate   | Difference from current Individual Income Tax Rates (all filers) |       |       |       |       |       |       |
|-----------|------------|--|-------|-------|-------|-------|-------|-------|
|           |            | TY24   | TY25  | TY26  | TY27  | TY28  | TY29  | TY30  |
| 1         | 2.46%      | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 2         | 3.51%      | 0.00%  | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 3         | Rate Three | 0.00%  | 0.00% | 0.46% | 1.02% | 1.02% | 0.56% | 0.00% |
| 4         | Rate Four  | 0.00%  | 1.64% | 2.09% | 1.85% | 1.21% | 0.56% | 0.00% |

The changes to Corporate Tax rates would be as follows:

For taxable years beginning on or after January 1, 2027 and before January 1, 2028 at a rate equal to 5.58% on the first \$100,000 of taxable income and at the rate of 5.84% on all taxable income in excess of \$100,000;  
 For taxable years beginning on or after January 1, 2028 and before January 1, 2029, at the rate of 5.20% on all taxable income;  
 For taxable years beginning on or after January 1, 2029 and before January 1, 2030, at the rate of 4.55% on all taxable income; and  
 For taxable years beginning on or after January 1, 2030, at the rate of 3.99% on all taxable income.

Revenue estimates provided by the Department of Revenue are as follows:

| Fiscal year | INDIVIDUAL INCOME TAX | CORPORATE INCOME TAX |
|-------------|-----------------------|----------------------|
| FY2024-25   | \$243,108,000         | \$-                  |
| FY2025-26   | \$684,865,000         | \$-                  |
| FY2026-27   | \$829,864,000         | \$32,189,000         |
| FY2027-28   | \$741,346,000         | \$1,114,919,000      |
| FY2028-29   | \$482,745,000         | \$161,045,000        |
| FY2029-30   | \$176,471,000         | \$114,793,000        |
| FY2030-31   | \$-                   | \$45,117,000         |

We estimate minimal costs to the Department of Revenue resulting from this legislation.

No basis to disagree with the Department of Revenue's estimates as provided.



It is estimated that LB 10 will have the following impact to the General Fund revenues:

| Fiscal Year | Individual Income Tax | Corporation Income Tax | Total          |
|-------------|-----------------------|------------------------|----------------|
| FY24-25     | \$ 243,108,000        |                        | \$ 243,108,000 |
| FY25-26     | \$ 684,865,000        |                        | \$ 684,865,000 |
| FY26-27     | \$ 829,864,000        | \$ 32,189,000          | \$ 862,053,000 |
| FY27-28     | \$ 741,346,000        | \$ 114,919,000         | \$ 856,265,000 |
| FY28-29     | \$ 482,745,000        | \$ 161,045,000         | \$ 643,790,000 |
| FY29-30     | \$ 176,471,000        | \$ 114,793,000         | \$ 291,264,000 |
| FY30-31     | \$ -                  | \$ 45,177,000          | \$ 45,177,000  |

It is estimated that there will be minimal cost for the Department of Revenue to implement LB 10.