

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$3,500,000		\$7,000,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$3,500,000		\$7,000,000

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

LB36 makes the following amendments to the Nebraska Revenue Act:

- Adds the definition of mansion;
- Creates a real estate transfer tax on the sale or transfer of any mansion;
- Sets the real estate transfer tax to be equal to 1.25% of the portion of the actual value of mansions whose value is between \$800,000 - \$2,500,000, plus 2.25% of the portion of the actual mansion that exceeds \$2,500,000;
- Sets the real estate transfer tax as additional to all other taxes;
- Sets administration of the real estate transfer tax within the Department of Revenue;
- Creates a one-time refundable income tax credit beginning in Tax Year 25 for purchasers or transferees of a mansion equal to the real estate transfer tax paid for the sale or transfer of the mansion. The income tax credit is restricted to purchasers or transferees of a mansion who reside in Nebraska for the subsequent three taxable years post sale or transfer of the mansion.

Based on a snapshot of current real estate listed above \$800,000 in the state of Nebraska, we estimate approximately \$2,500,000 in General Fund revenue from the first tier (\$800,000 - \$2,500,000) and \$1,000,000 in General Fund revenue from the second tier (>\$2,500,001) with ongoing revenues of approximately \$7,000,000 per year.

We assume that the Department will incur costs to administer this legislation. Due to time constraints, the Department of Revenue was unable to provide an estimate to meet the deadline for publishing prior to hearing. This fiscal note will be updated as needed to provide agency comment if necessary.