

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$220,578,000)		(\$292,860,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$220,578,000)		(\$292,860,000)

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

LB 754 seeks to lower individual and corporate income tax rates.

Under LB 754, the first three individual income tax brackets would remain unchanged. The rates for the fourth tax bracket would be as follows:

- For taxable years beginning on January 1, 2023, and before January 1, 2024: 6.27%
- For taxable years beginning on January 1, 2024, and before January 1, 2025: 5.70%
- For taxable years beginning on January 1, 2025, and before January 1, 2026: 5.13%
- For taxable years beginning on January 1, 2026, and before January 1, 2027: 4.56%
- For taxable years beginning on or after January 1, 2027: 3.99%

LB 754 would not change the rate of 5.58% on the first \$100,000 of corporate income. LB 754 would reduce corporate income tax rates for corporate income greater than \$100,000. The rates for corporate income greater than \$100,000 would be as follows:

- For taxable years beginning on January 1, 2023, and before January 1, 2024: 6.80%
- For taxable years beginning on January 1, 2024, and before January 1, 2025: 6.10%
- For taxable years beginning on January 1, 2025, and before January 1, 2026: 5.40%
- For taxable years beginning on January 1, 2026, and before January 1, 2027: 4.70%
- For taxable years beginning on or after January 1, 2027: 3.99%

The Department of Revenue estimates the following reductions to General Fund revenues from this bill:

	Individual	Corporation	Total
FY 2023-24	\$ (195,154,000)	\$ (25,424,000)	\$ (220,578,000)
FY 2024-25	\$ (262,287,000)	\$ (30,573,000)	\$ (292,860,000)
FY 2025-26	\$ (374,357,000)	\$ (49,230,000)	\$ (423,587,000)
FY 2026-27	\$ (496,473,000)	\$ (78,555,000)	\$ (575,028,000)
FY 2027-28	\$ (586,582,000)	\$ (109,387,000)	\$ (695,969,000)
FY 2028-29	\$ (608,683,000)	\$ (126,196,000)	\$ (734,879,000)

The DOR estimates that there will be minimal costs to implement this bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 754 AM: AGENCY/POLT. SUB: Department of Revenue

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COMMENTS: The Department of Revenue assessment of fiscal impact from LB 754 appears reasonable.

