Nikki Swope July 29, 2024 402-471-0042

LB 47

Revision: 00

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		\$6,545,000		\$20,232,000		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		\$6,545,000		\$20,232,000		

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

LB 47 would eliminate the franchise tax that financial institutions in the state pay based in the average deposits of the financial institutions beginning before January 1, 2025. The amount of the tax imposed as a franchise tax shall be the number of cents, as determined by section 77-3803, multiplied by the amount of average deposits of the financial institution in thousands of dollars. Per 77-3803, the rate of tax on deposits shall be twelve and three-tenths times the limitation rate. The limitation rate shall be forty-eight and eight-tenths percent of the maximum corporate income tax rate in effect for the taxable year.

After financial institutions are no longer subject to the franchise tax, all financial institutions shall be subject to the corporate tax imposed in section 77-2734.02 beginning on or after January 1, 2025 and in subsequent years.

The Department of Revenue estimates the following impact to the General Fund:

Fiscal Year	General Fund Revenues		
FY 2024-25	\$6,545,000		
FY 2025-26	\$20,232,000		
FY 2026-27	\$31,160,000		
FY 2027-28	\$30,556,000		

It is estimated that were will be minimal costs to the Department of Revenue to implement this bill.

LB 0047 Fiscal Note 2024

State Agency Estimate						
State Agency Name: Department o	Date Due LFO:					
Approved by: James R. Kamm Date Prep		Date Prepared:	07/30/2024 Phone: 471-5896			
	FY 2024	FY 2024-2025 FY 2025-2026		<u>5-2026</u>	FY 2026-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$6,545,000	1	\$20,232,000		\$31,160,000
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$6,545,000		\$20,232,000		\$31,160,000
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LB 47 eliminates the franchise tax imposed on financial institutions and imposes the corporate tax under Neb. Rev. Stat. § 77-2734.02 on financial institutions for tax years beginning on or after January 1, 2025.

The Department of Revenue (DOR) estimates the fiscal impact to General Fund revenues as a result of LB 47 as follows:

Fiscal Year	General Fund Revenues			
FY2024-25	\$ 6,545,000			
FY2025-26	\$ 20,232,000			
FY2026-27	\$ 31,160,000			
FY2027-28	\$ 30,556,000			

It is estimated that there will be minimal costs to the DOR to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures
Benefits							
Operating Costs	Operating Costs.						
Travel							
Capital Outlay							
	ts						
Total							