Doug Gibbs February 19, 2013 402-471-0051

## LB 308

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	3-14	FY 2014-15				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS				(\$7,840,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS				(\$7,840,000)			

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

LB 308 amends the Nebraska Revenue Act of 1967, Sections 77-2715 and 77-2717, regarding income tax.

The bill eliminates the federal alternative minimum tax calculations for state income tax purposes for taxable years beginning on or after January 1, 2014. It does not affect the calculation for premature or lump-sum distributions from qualified retirement plans. The federal credit for prior year AMT would also be eliminated for taxable years 2014 and beyond.

The Department of Revenue estimates the following fiscal impact as a result of LB 308:

FY2013-14:	\$	0
FY2014-15:	(\$7,84	0,000)
FY2015-16:	(\$8,07	5,000)
FY2016-17:	(\$8,31	7,000)

The Department indicates a one-time programming charge of \$3,030 paid to the Office of the CIO to update the NebFile online system.

We have no basis to disagree with the Department's estimate of fiscal impact.

We disagree with the estimate of cost and believe the Department can absorb the programming charge.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 308 AM: AGENCY/POLT. SUB: Dept. of Revenue						
REVIEWED BY: Lyn Heaton DATE: 2/19/2013 PHONE: 402.471.4181						
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. The department's estimate of the operational cost to implement the bill appears reasonable.						

## Fiscal Note 2013

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA:							
Approved by: Douglas Ewald		Date Prepared:	02/04/2013		Phone: 471-5896		
FY 2013-201		-2014	FY 2014-2015		FY 2015-2016		
	Expenditures	Revenue	Expenditures	Revenue	<b>Expenditures</b>	Revenue	
General Funds	\$3,030	\$0	\$0	(\$7,840,000)	\$0	(\$8,075,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$3,030	\$0	\$0	(\$7,840,000)	\$0	(\$8,075,000)	

LB 308 would amend Neb. Rev. Stat. §§ 77-2715 and 77-2717 to eliminate the alternative minimum tax (AMT) from the Nebraska individual and estates and trust income tax for taxable years beginning, or deemed to begin, on or after January 1, 2014. The tax on premature or lump-sum distributions from qualified retirement plans would be retained. The federal credit for prior year AMT would also be eliminated for taxable years 2014 and beyond.

The estimated reduction to the General Fund would be as follows:

FY2013-2014	\$ -
FY2014-2015	\$ 7,840,000
FY2015-2016	\$ 8,075,000
FY2016-2017	\$ 8,317,000

LB 308 will require a one-time programming charge of \$3,030 paid to the OCIO to update the NebFile online filing system.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 <u>Expenditures</u>	14-15 <u>Expenditures</u>	15-16 <u>Expenditures</u>	
Benefits								
Operating Costs		\$3,030	\$0	\$0				
Travel								
Capital Outlay								
Aid								
Capital Improvement								
Capital Improvements Total					\$3,030	\$0	\$0	