PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 25, 2013 402-471-0051

**LB 17** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	l <b>3-14</b>	FY 2014-15			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$30,248	(\$42,538,000		(\$31,137,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$30,248	(\$42,538,000)		(\$31,137,000)		

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

LB 17 amends the Nebraska Revenue Act of 1967, Section 77-2716 to make adjustments to income subject to Nebraska state income tax.

The bill, for tax year beginning January 1, 2013 and tax years thereafter, would reduce federal adjusted gross income (AGI) by the amount received as Social Security benefits which are included in AGI.

This adjustment would only apply to those taxpayers with a federal AGI of \$80,000 or less (married, filing jointly) and \$60,000 or less (all other returns).

The Department of Revenue estimates the following fiscal impact as a result of LB 17:

FY2013-14: (\$42,538,000) FY2014-15: (\$31,137,000) FY2015-16: (\$32,904,000)

The cost for FY2013-14 is more than the two subsequent fiscal years due to the fact that with an exemption starting with tax years beginning on or after January 1, 2013, estimated payments and withholding will have been made in 2013 that will then be refunded in 2014.

The Department of Revenue estimates a one-time programming cost of \$30,248 paid to the Office of the CIO to add a line to the Form 1040N, as well as to the NebFile online system.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: <mark>17</mark>	LB: 17 AM: AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton			DATE: 1/29/2013	PHONE: 402.471.4181		
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.						

LB 17 Revised Fiscal Note 2013

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFA:	01/17/2013	
Approved by: Douglas Ewald		Date Prepared:	01/17/2013		Phone: 471-5896		
	FY 2013-2014		FY 2014-2015		FY 2015-2016		
	Expenditures	Revenue	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	
General Funds	\$30,248	(\$42,538,000)	\$0	(\$31,137,000)	\$0	(\$32,904,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$30,248	(\$42,538,000)	\$0	(\$31,137,000)	\$0	(\$32,904,000)	

LB 17 would amend Neb. Rev. Stat. § 77-2716 to exclude Social Security benefits from income subject to Nebraska income tax for some Nebraska taxpayers to the extent it is included in federal adjusted gross income (AGI). The taxpayers receiving this additional exclusion are those with federal AGI of less than \$80,000 for a married, filing jointly return, and less than \$60,000 for all other returns.

The exclusion would be available for all taxable years beginning, or deemed to begin, on or after January 1, 2013.

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

FY 2013-2014 \$ 42,538,000 FY 2014-2015 \$ 31,137,000 FY 2015-2016 \$ 32,904,000

The cost for FY2013-2014 is greater than the cost for FY2014-2015 due to the fact that with an exemption starting with tax years beginning on or after January 1, 2013, estimated payments and withholding will have been made in 2013 that will be refunded in 2014.

LB 17 will require a one-time programming charge of \$30,248 paid to the OCIO to add a line to the Nebraska Schedule I, and a new schedule to the Form 1040N, as well as to the NebFile online filing system.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
-							
Benefits					£20.249	\$0	\$0
					\$30,248	\$0	\$0
Capital Outlay			· · · · · · · · · · · · · · · · · · ·				
Aid							
Capital Improvements.							
Total					\$30,248	\$0	\$0