PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 05, 2013 402-471-0051

LB 532

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	\$ 57,088	\$ 42,234,000		\$ 31,161,000			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$ 57,088	\$ 42,234,000		\$ 31,161,000			

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

LB 532 amends the Nebraska Revenue Act of 1967, Section 77-2715.03 regarding the individual income tax.

For the taxable year beginning January 1, 2013 and before January 1, 2014, and for taxable years beginning on or after January 1, 2014, the bill changes tax bracket four and adds a new tax bracket five and rate.

The new bracket four would be from \$27,000 to \$399,000 for single individuals and married, filing separately returns; \$15,150 and Over for estates and trusts; and \$54,000 to \$449,999 for married, filing jointly and head of household returns. The rate would remain the same at 6.84%.

The new bracket five would be \$400,000 and Over for single individuals and married, filing separately returns; and \$450,000 and Over for married, filing jointly and head of household returns. There is no new fifth bracket for estates and trusts. The new rate for bracket five would be 7.74%.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 532:

FY2013-14: \$ 42,234,000 FY2014-15: \$ 31,161,000 FY2015-16: \$ 32,930,000 FY2016-17: \$ 34,710,000

The increase for FY2013-14 is higher than the increase for FY2014-15 due to the fifth tax bracket being added beginning with the tax year beginning on or after January 1, 2013; estimated payments will have to be made in 2013 and final payments will be paid the first part of 2014.

The Department also estimates they will require a one-time programming charge of \$57,088 paid to the Office of the CIO for adding a tax bracket, as well as changes to the NebFile filing system.

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

		State Agency	Estimate				
State Agency Name: Department of	of Revenue				Date Due LFA:	02/06/2013	
Approved by: Douglas Ewald		Date Prepared:	02/04/2013		Phone: 471-5896		
	FY 2013-	FY 2013-2014		FY 2014-2015		FY 2015-2016	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$57,088	\$42,234,000		\$31,161,000		\$32,930,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$57,088	\$42,234,000		\$31,161,000		\$32,930,000	

LB 532 would amend Neb. Rev. Stat § 77-2715.03 to add a fifth tax bracket for the taxable year beginning or deemed to begin on or after January 1, 2013 and before January 1, 2014, and for taxable years beginning or deemed to begin on or after January 1, 2014.

LB 532 would have the fourth bracket end at \$400,000 for a single individual or married, filing separate return; and \$450,000 for a married, filing jointly or head of household return for tax year 2013 and beyond. The rate would remain at the current 6.84.

The fifth bracket rate would be 7.74% and would be imposed upon income in excess of \$400,000 for single and married, filing separate returns and \$450,000 for married, filing jointly and head of household returns. There would be no fifth bracket for estates and trusts.

The estimated total gain to the General Fund would be as follows:

FY 2013-2014	\$ 42,234,000
FY 2014-2015	\$ 31,161,000
FY 2015-2016	\$ 32,930,000
FY 2016-2017	\$ 34.710.000

The gain for FY2013-2014 is greater than the gain for FY2014-2015 due to the fact that a fifth tax bracket is added with tax year beginning or deem to begin on or after January 1, 2013, estimated payments will have to be made in 2013 and final payments will be paid first part of 2014.

LB 532 will require one-time programming charge of \$57,088 paid to the OCIO for adding a bracket, as well as to the NebFile online filing system.

Major Objects of Expenditure 13-14 14-15 15-16 13-14 14-15 15-16							
Class Code	Classification Title	FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
Benefits							
					\$57,088	\$0	\$(
Travel							
Capital Outlay							
Aid							
Capital Improvements							
					\$57.088	\$0	\$(