PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 13, 2017 402-471-0051

LB 48

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	7-18	FY 2018-19			
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE		
GENERAL FUNDS	\$50,910	\$24,077,000	\$0	\$58,879,000		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$50,910	\$24,077,000	\$0	\$58,879,000		

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

LB 48 amends the Nebraska Revenue Act of 1967 Section 77-2716.

Section 77-2716 dealing with adjustments to federal adjusted gross income, is amended to provide that income shall be modified regarding the gain on real estate using the basis of the real estate in the hands of the decedent and not the stepped-up basis allowed under section 1014 or section 2032A of the IRS code.

The bill has an operative date of January 1, 2018.

The Department of Revenue estimates the following impact to the General Fund as a result of LB 48:

FY2017-18: \$ 24,077,000 FY2018-19: \$ 58,879,000 FY2019-20: \$ 61,555,000 FY2020-21: \$ 64,831,000

Cost to implement LB 48 include a one-time programming charge of \$50,910 paid to the Office of the CIO to add a line to Form 1040N, Schedule I, 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.

State Agency Estimate							
State Agency Name: Department	t of Revenue				Date Due LFA:	1/13/2017	
Approved by: Tony Fulton		Date Prepared:	1/13/2017		Phone: 471-5896		
	FY 2017-	FY 2017-2018		FY 2018-2019		FY 2019-2020	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$50,910	\$24,077,000	1	\$58,879,000		\$61,555,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$50,910	\$24,077,000		\$58,879,000		\$61,555,000	

LB 48 provides for an income tax adjustment for taxable years beginning on or after January 1, 2018, to federal adjusted gross income for the gain on the sales of real estate located in this state and acquired from a decedent by using the basis of the real estate in the hands of the decedent. LB 48 has operative date of January 1, 2018.

Assuming the bill intends an increasing adjustment equal to the benefit derived from the stepped-up basis for property transferred as prescribed in IRC §§ 1014 or 2032A, the estimated increase in the General Fund revenue would be as follows:

	General Fund		
	Revenue		
FY 2016 - 2017	\$	-	
FY 2017 - 2018	\$	24,077,000	
FY 2018 - 2019	\$	58,879,000	
FY 2019 - 2020	\$	61,555,000	
FY 2020 - 2021	\$	64,831,000	

LB 48 will require a one-time programming charge of \$50,910 paid to the OCIO to add a line to Form 1040N, Schedule I, as well as to the NebFile online filing system.

Major Objects of Expenditure							_
Class Code	Classification Title	17-18 <u>FTE</u>	18-19 <u>FTE</u>	19-20 <u>FTE</u>	17-18 Expenditures	18-19 Expenditures	19-20 Expenditures
Benefits							
					\$50,910		
Capital Outlay							
					\$50,910		