PREPARED BY: DATE PREPARED: PHONE: Douglas Gibbs January 19, 2018 402-471-0051

LB 728

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	8-19	FY 2019-20			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$49,343	\$4,768,000	\$0	\$11,706,000		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$49,343	\$4,768,000	\$0	\$11,706,000		

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

LB 728 amends the Nebraska Revenue Act of 1967 regarding the state income tax.

The bill changes the individual income tax brackets and adds a fifth tax bracket effective for tax year beginning January 1, 2019 and after. The new bracket would be \$5 million for married filing jointly returns and \$2.5 million and over for all other returns. The rate for the fifth bracket would be 7.84%.

The Department of Revenue estimates the following fiscal impact of LB 728:

FY2018-19: \$ 4,768,000 FY2019-20: \$ 11,706,000 FY2020-21: \$ 12,350,000 FY2021-22: \$ 13,029,000

The Department indicates that they will require a one-time programming charge of \$49,343 paid to the Office of the CIO for mainframe costs.

We have 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. RESPONSE				
LB: 728 AM: AGENCY/POLT. SUB: Dept. of Revenue				
REVIEWED	BY: Lyn Heaton	DATE: 1/23/2018	PHONE: (402) 471-4181	
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.				

LB 728 Fiscal Note 2018

State Agency Estimate							
State Agency Name: Department of			Date Due LFA:	1/24/2018			
Approved by: Tony Fulton		Date Prepared:	1/19/2018		Phone: 471-5896		
	FY 2018-2019		FY 2019-2020		FY 2020-2021		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$49,343	\$4,768,000		\$11,706,000		\$12,350,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$49,343	\$4,768,000		\$11,706,000		\$12,350,000	
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LB 728 creates a fifth individual income tax bracket with a tax rate of 7.84% beginning at \$5 million for married, filling jointly returns and \$2.5 million for other returns for tax years beginning or deemed to begin on or after January 1, 2019. The fifth bracket will be indexed similar to the lower brackets with a base year of 2019.

The estimated increase to General Fund revenues would be as follows:

FY18-19	\$ 4,768,000
FY19-20	\$ 11,706,000
FY20-21	\$ 12,350,000
FY21-22	\$ 13,029,000

LB 728 will require a one-time programming charge of \$49,343 paid to the OCIO for mainframe costs.

Major Objects of Expenditure							
Class Code	<u>Classification Title</u>	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 Expenditures
Renefits							
Operating Costs					\$49,343	\$0	\$0
Capital Improveme	nts				¢40.242	фо	ф0
Total				• • • • • • • • • • • • • • • • • • • •	\$49,343	\$0	\$0