PREPARED BY: DATE PREPARED: PHONE: Keisha Patent January 30, 2020 402-471-0059

LB 806

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2020-21 FY 2021-22							
	EXPENDITURES	EXPENDITURES	REVENUE					
GENERAL FUNDS	\$69,100	(\$160,246,000)		(\$393,244,000)				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$69,100	(\$160,246,000)		(\$393,244,000)				

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

LB 806 amends the Revenue Act of 1967 to provide for a deduction to federal adjusted gross income for the following amounts received:

- Social Security benefits;
- Retirement benefits under a qualified plan under section 401(a) or 403(a) of the IRC of 1986;
- Retirement benefits under the Class V School Employees Retirement Act, the County Employees Retirement Act, the Judges Retirement Act, the Nebraska State Patrol Retirement Act, the School Employees Retirement Act, and the State Employees Retirement Act;
- · Retirement benefits under the US Civil Service Retirement System or the Federal Employees Retirement System; and
- Military retirement benefits.

The deduction is applicable for tax years beginning on or after January 1, 2021.

Revenue:

The Department of Revenue estimates revenue to the General Fund as follows:

FY 2019-20	\$0
FY 2020-21	(\$160,264,000)
FY 2021-22	(\$393,244,000)
FY 2022-23	(\$414,257,000)
FY 2023-24	(\$436,198,000)

Based on the data available, this estimate seems reasonable.

Expenditures:

The department estimates a one-time cost of \$69,100 to implement the bill. The Nebraska Public Employees Retirement System estimates no cost to implement to the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 806	AM:	AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY:	Lee Will	DATE: 02/03/2020	PHONE: (402) 471-4175				
COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact.							

ADMINIS	STRATIVE SEF	RVICES STATE BUDGET DIVISION: REVIEW OF AGENCY 8	& POLT. SUB. RESPONSE			
LB: 806	AM:	AGENCY/POLT. SUB: Nebraska Public Emplo	yees Retirement Systems (NPERS)			
REVIEWED BY:	Lee Will	DATE: 01/22/2020	PHONE: (402) 471-4175			
COMMENTS: Concur with the NPER's assessment of no fiscal impact to the agency.						

State Agency Estimate								
State Agency Name: Department	of Revenue				Date Due LFA:			
Approved by: Tony Fulton		Date Prepared:	1/15/2020		Phone: 471-5896			
	FY 202	0-2021	FY 202	21-2022	FY 202	22-2023		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$69.100	(\$160,264,000)		(\$393,244,000)		(\$414,257,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$69.100	(\$160,264,000)		(\$393,244,000)		(\$414,257,000)		

LB 806 would provide a reduction from federal adjusted gross income (AGI) for tax years beginning or deemed to begin on or after January 1, 2021 for social security benefits and specified retirement benefits. Retirement benefits are those qualified under IRC §§ 401(a) or 403(a); military retirement benefits; and retirement benefits received from Nebraska school, county, judges, state patrol, and state employees acts and U.S. civil service and federal retirement systems.

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

FY 2019-20	\$ -
FY 2020-21	\$ (160,264,000)
FY 2021-22	\$ (393,244,000)
FY 2022-23	\$ (414,257,000)
FY 2023-24	\$ (436,198,000)

LB 806 would require a one-time programming charge of \$69,100 paid to the OCIO for mainframe and web development costs.

Major Objects of Expenditure									
Class Code	Classification Title	20-21 <u>FTE</u>	21-22 <u>FTE</u>	22-23 <u>FTE</u>	20-21 Expenditures	21-22 Expenditures	22-23 Expenditures		
Operating Costs					\$69.100				
Travel									
Capital Outlay									
Capital Improvemen	nts								
T-4-1			\$69.100						

$\boldsymbol{L}\boldsymbol{B}^{\scriptscriptstyle{(1)}}$	806						FISCAL NOTE			
State A	gency OR I	Political Subdivision Name: (Nebra	Nebraska Public Employees Retirement Systems						
Prepared by: (3) Teresa Zulauf		Da	te Prepared: ⁽⁴⁾	January 21, 2020	Phone: (5)	402-471-7745				
		ESTIMATE PRO	VIDED BY	Y STATE AGE	NCY OR POLITICAL	SUBDIVIS	ION			
		F	Y 2020-21	L		FY 2021	-22			
		<u>EXPENDITUR</u>		REVENUE	EXPENDITU		REVENUE			
GENE	RAL FUN	DS			_					
CASH	FUNDS	0			0					
FEDE	RAL FUN	DS	<u></u>							
ОТНЕ	R FUNDS									
ТОТА	L FUNDS	0			0					
No fise LB806 School	exempts ol Plan, ar nts receiv	stimate: It to NPERS Agency 08 Is retirement benefits from It the State Plan from the from other qualified It yees Retirement Syster	om OSERS axation. section 4	S, the County In addition, it a 01(a) or 403(a	Plan, the Judges Palso exempts feder) plans, US Civil S	al Social Se ervice Retir	ecurity Act benefits, ement Systems,			
Person	al Service	-	OWN BY M	IAJOR OBJECT	<u>rs of expenditu</u>	<u>RE</u>				
<u>r crson</u>		ION TITLE	NUMBER 20-21	OF POSITION 21-22	S 2020-21 EXPENDITU		2021-22 EXPENDITURES			
Benefit	ts		-							
Travel										
Capita	l outlay									
Aid										
-	-	nents								
TO	TAT									