

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$53,175,000)	\$40,389,000	(\$56,047,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$53,175,000)	\$40,389,000	(\$56,047,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 714 exempts social security income that is included in federal adjusted gross income from state income tax. This provision has an operative date of January 1, 2008. Social security income is also excluded from household income for homestead exemption purposes. This provision has an operative date of January 1, 2009.

The Department of Revenue estimates General Fund revenue loss, due to the state income tax provision to be as follows. Roughly \$845 million of social security income is reported in Nebraska each year. There is no basis to disagree with these estimates.

Fiscal Year	General Fund Revenue Loss
FY2008-09	(\$53,175,000)
FY2009-10	(\$56,047,000)
FY2010-11	(\$59,409,000)

The Department of Revenue estimates the increase in Homestead Exemption expenditures due to the social security exemption to be as follows. There is no basis to disagree with these estimates.

Fiscal Year	Homestead Exemption Expenditures
FY2009-10	\$40,389,000
FY2010-11	\$41,403,000

The Department of Revenue estimates one-time costs for programming to be \$8,800 in fiscal year 2008-09. Ongoing costs to process additional homestead exemptions are estimated to be \$8,850 per year. Due to the minimal amounts identified, it is assumed that the Department of Revenue will be able to absorb the administrative costs with currently budgeted resources and are therefore not included in the table above.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/20/08	PHONE	471-2526
COMMENTS					
DEPT. OF REVENUE – The agency analysis appears reasonable.					