

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$55,518	(\$106,204,000)	\$0	(\$260,731,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$55,518	(\$106,204,000)	\$0	(\$260,731,000)

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

LB 169 amends the Nebraska Revenue Act of 1967 Nebraska Revised Statutes Section 77-2716 to exclude certain retirement benefits from the calculation of Nebraska income tax by allowing reductions to federal adjusted gross income (AGI) for taxable years beginning on or after January 1, 2018, by the total amount of those benefits.

Retirement benefits received under the following acts or systems would qualify for the reduction in AGI:

- Social Security benefits
- Private pensions and annuities qualified under 401(a) and 403(a) of the Internal Revenue Code
- Class V School Employees Retirement Act
- Nebraska County Employees Retirement Act
- Nebraska Judges Retirement Act
- Nebraska State Patrol Retirement Act
- Nebraska School Employees Retirement Act
- Nebraska State Employees Retirement Act
- United States Civil Service Retirement System
- Federal Employees Retirement System
- Military retirement benefits

Military retirement benefit means retirement benefits that are periodic payments attributable to service in the uniformed services of the United States for personal services performed by an individual prior to his or her retirement.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of the provisions of LB 169:

FY2017-18:	(\$ 106,204,000)
FY2018-19:	(\$ 260,731,000)
FY2019-20:	(\$ 275,071,000)
FY2020-21:	(\$ 290,200,000)

The Department of Revenue indicates they will need an expenditure of \$55,518 paid to the Office of the CIO for a one-time programming charge for mainframe and web development.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:169	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lyn Heaton	DATE: 2/8/2017	PHONE: 402) 471-4181	
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.			

