

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$50,660	(\$63,780,000)		(\$156,273,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$50,660</b>	<b>(\$63,780,000)</b>		<b>(\$156,273,000)</b>

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

LB 892 amends the Revenue Act of 1967 to adjust the individual income tax brackets for tax years beginning on or after January 1, 2021. Each income threshold in each bracket is increased from the current income threshold, while the rates remain unchanged, and the brackets are indexed for inflation in tax years beginning on or after January 1, 2022.

**Revenue:**

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

FY 2020-21	(\$63,780,000)
FY 2021-22	(\$156,273,000)
FY 2022-23	(\$163,939,000)
FY 2023-24	(\$171,605,000)

**Expenditures:**

The department estimates a one-time cost of \$50,660 to OCIO for mainframe and web development costs.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 892	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 02/04/2020	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact.			

**State Agency Estimate**

State Agency Name: Department of Revenue

Date Due LFA:

Approved by: Tony Fulton

Date Prepared:

Phone: 471-5896

	FY 2020-2021		FY 2021-2022		FY 2022-2023	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$50,660	(\$63,780,000)		(\$156,273,000)		(\$163,939,000)
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$50,660</b>	<b>(\$63,780,000)</b>		<b>(\$156,273,000)</b>		<b>(\$163,939,000)</b>

LB 892 changes the individual income tax brackets for taxpayers filing as single individuals; married, filing jointly; head of household; and married, filing separate under Section § 77-2715.03. Under the bill, the individual income tax brackets for tax years beginning on or after January 1, 2021 would be:

Bracket Number	Married, Filing Jointly	Head of Household	Single and Married Filing Separate	Tax rate
1	\$0 - \$6,570	\$0 - \$6,130	\$0 - \$3,290	2.46%
2	\$6,570 - \$39,410	\$6,130 - \$31,530	\$3,290 - \$19,700	3.51%
3	\$39,410 - \$100,000	\$31,530 - \$74,140	\$19,700 - \$50,000	5.01%
4	Over \$100,000	Over \$74,140	Over \$50,000	6.84%

For tax years beginning on or after January 1, 2022, the Tax Commissioner must adjust the income tax brackets and dollar amounts under Section § 77-2716(13) based on the percentage change in the Consumer Price Index for All Urban Consumers published by the federal Bureau of Labor Statistics from the 12 months ending on August 31, 2020, to the 12 months ending on August 31 of the year preceding the tax year.

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

FY 2019-20	\$	-
FY 2020-21	\$	(63,780,000)
FY 2021-22	\$	(156,273,000)
FY 2022-23	\$	(163,939,000)
FY 2023-24	\$	(171,605,000)

LB 892 would require a one-time programming charge of \$50,660 paid to the OCIO for mainframe and web development costs for the brackets changes.

**Major Objects of Expenditure**

Class Code	Classification Title	20-21	21-22	22-23	20-21	21-22	22-23
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....				\$50,660		
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	<b>Total.....</b>				<b>\$50,660</b>		