

Revised to include AM 1360

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$15,098,000)		(\$28,602,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$15,098,000)		(\$28,602,000)

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

LB 64 seeks to change provisions related to social security benefits and federal adjusted gross income. Beginning January 1, 2021, federal adjusted gross income would be reduced by a percentage of the social security benefits received in the federal adjusted gross income. The percentage is set to increase each year until 100% of social security benefits can be deducted. LB 64 was amended by AM 473 and AM 805, which seeks to extend the schedule for reduction from 5 years to 10 years. The new schedule is as follows:

- Jan 1, 2021 to Jan 1, 2022: 5%
- Jan 1, 2022 to Jan 1, 2023: 20%
- Jan 1, 2023 to Jan 1, 2024: 30%
- Jan 1, 2024 to Jan 1, 2025: 40%
- Jan 1, 2025 to Jan 1, 2026: 50%

LB 64 was amended by AM 1360. AM 1360 takes out the language for the schedule in the last 5 years, and replaces it with intent language. This intent language provides direction for a future legislative body to enact legislation to continue the schedule if permissible within the revenue forecast. If the legislature is unable to accommodate such changes, the percent would continue to be set at 50%. Otherwise, the schedule in the intent language is as follows:

- Jan 1, 2026 to Jan 1, 2027: 60%
- Jan 1, 2027 to Jan 1, 2028: 70%
- Jan 1, 2028 to Jan 1, 2029: 80%
- Jan 1, 2029 to Jan 1, 2030: 90%
- Jan 1, 2030 and after: 100%

As amended by AM 1360, The Department of Revenue estimates the following impact to General Fund revenues:

- FY21-22: (\$15,098,000)
- FY22-23: (\$28,602,000)
- FY23-24: (\$42,403,000)
- FY24-25: (\$57,448,000)
- FY25-26: (\$73,798,000)

Within 5 years after the effective date of LB 64, the legislature will have the option to propose a bill to continue the schedule to 100%. The Department of Revenue estimates that the schedule provided in the intent language would create the following General Fund revenue loss:

- FY26-27: (\$91,511,000)
- FY27-28: (\$110,649,000)
- FY28-29: (\$131,279,000)
- FY29-30: (\$153,482,000)
- FY30-31: (\$168,027,000)

There is no basis to disagree with these estimates.

The Department does not expect any additional costs to implement LB 64. There is no basis to disagree with this estimate.

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

FY 2021-22	\$ (15,098,000)
FY 2022-23	\$ (28,602,000)
FY 2023-24	\$ (42,403,000)
FY 2024-25	\$ (57,448,000)
FY 2025-26	\$ (73,798,000)
FY 2026-27	\$ (91,511,000)
FY 2027-28	\$ (110,649,000)
FY 2028-29	\$ (131,279,000)
FY 2029-30	\$ (153,482,000)
FY 2030-31	\$ (168,027,000)

It is estimated that there will be minimal costs to the Department to implement this bill.