

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$65,087			(\$37,472,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$65,087			(\$37,472,000)

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

LB 602 seeks to allow an individual to reduce his or her federal adjusted gross income (FAGI) by the amounts received as a pension or annuity for individuals 55 years of age and older at the close of the taxable year. Individuals younger than 55 years of age could also reduce their FAGI, under this bill, by amounts received as a pension or annuity in the event such benefits are received because of the death of a person originally entitled to receive such benefits. For those 65 years of age or older at the close of the taxable year, amounts subtracted are not to exceed \$24,000 dollars per taxable year. For those under 65 years of age, the amount subtracted shall not exceed \$20,000 per taxable year. This would be for taxable year 2025 and after.

The bill adds that the total reductions from these pension/annuity reductions in combination with reductions made due to the military retirement benefits and social security benefits, already in statute, is not to exceed \$50,000 per taxable year.

The Department of Revenue (DOR) estimates the following impact to General Fund revenues:

- FY 23-24: \$ -
- FY 24-25: (\$37,472,000)
- FY 25-26: (\$89,500,000)
- FY 26-27: (\$90,092,000)
- FY 27-28: (\$93,507,000)

The DOR estimates a one-time charge for programming to be paid to the Office of the Chief Information Officer (OCIO) of \$65,087 for mainframe and web development to add a line to the 1040N Schedule I.

There is no basis to disagree with these estimates.

