John Wiemer January 23, 2024 402-471-0051

LB 863

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2024-25		FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							

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

LB 863 would remove the income tax adjustment for individuals to reduce federal adjusted gross income by amounts received as annuities under the Federal Employees Retirement System (FERS) for taxable years beginning on or after January 1, 2024.

The Department of Revenue (DOR) estimates that this would have no General Fund revenue impact as this adjustment reflects what is already included in the General Fund financial status since fiscal notes from the 2023 session (LB 38 and LB 754) connected to this adjustment included fiscal impact for individuals to reduce federal adjusted gross income by amounts received as annuities under the Civil Service Retirement System and not for the FERS. The DOR additionally estimates no costs for it as a result of this bill.

There is no basis to disagree with this estimate.

 ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

 LB: 863
 AM:
 AGENCY/POLT. SUB: Department of Revenue

 REVIEWED BY:
 Neil Sullivan
 DATE: 1/22/2024
 PHONE: (402) 471-4179

 COMMENTS:
 The Department of Revenue assessment of no fiscal impact from LB 863 appears reasonable.

Fiscal Note 2024

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFO:								
Approved by: James R. Kamm		Date Prepared:	01/19/2024		Phone: 471-5896			
	FY 202	FY 2024-2025		5-2026	<u>FY 2026-2027</u>			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$ 0		\$ 0		\$ 0		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0		\$ 0		\$ 0		
Cash Funds Federal Funds Other Funds		<u>Revenue</u> \$ 0	<u>FY 202</u> Expenditures	Revenue \$ 0		<u>Revenue</u> \$		

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LB 863 eliminates the income tax adjustment allowed to individuals that would reduce federal adjusted gross income (AGI) by amounts received as annuities under the Federal Employees Retirement System that were earned from employment with the federal government to the extent induced in the federal AGI for tax years beginning on or after January 1, 2024.

LB 863 will have no general fund revenues fiscal impact because the fiscal note for LB 38 during the 2023 legislative session was meant to allow the income tax adjustment to federal AGI by amounts received as annuities under the Civil Service Retirement System (not annuities under the Federal Employees Retirement System). Thus, the fiscal impact of the adjustment under LB 863 is already included in the general fund financial status.

LB 863 will have no cost to the Department of Revenue.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	
Benefits								
Operating Costs								
Travel Capital Outlay Capital Improvements Total								
1 01/21			1	1				