John Wiemer March 05, 2024 402-471-0051

LB 863

Revision: 01 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised per updated financial forecast

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2024-25		FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		\$12,237,000		\$7,621,000			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		\$12,237,000		\$7,621,000			

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

This fiscal note has been updated per the updated financial status from the Economic Forecasting Board February meeting. The financial status now accounts for the deduction under the Federal Employees Retirement System (FERS), as detailed in the bill.

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

The Department of Revenue (DOR) in its updated response estimates the following increase to General Fund revenues as a result of this bill:

- FY 24-25: \$12,237,000
- FY 25-26: \$7,621,000
- FY 26-27: \$6,690,000
- FY 27-28: 6,283,000

The DOR estimates no cost to it as a result of the bill.

There is no basis to disagree with these estimates.

LB 0863 Revised

Fiscal Note 2024

		State Agency	Estimate			
State Agency Name: Department o	of Revenue			Ι	Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	3/04/2024	I	Phone: 471-5896	
	FY 2024-2025		FY 2025-2026		FY 2026-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$12,237,000		\$7,621,000		\$6,690,000
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$12,237,000		\$7,621,000		\$6,690,000

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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 the following fiscal impact to the General Fund revenues:

FY2024-25	\$ 12,237,000
FY2025-26	\$ 7,621,000
FY2026-27	\$ 6,690,000
FY2027-28	\$ 6,283,000

Note that FY2024-25 is larger because it included 17 months of revenues rather than 12 months.

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	Benefits						
Operating Costs							
Travel							
Capital Outlay							
Capital Improvements							
Total							