

technical term is Office of Personnel Management employees, people that have worked for the federal government, have retired and are on a pension from the federal government. A lot of those people live in my district. I guess I was surprised, when this bill was introduced, that there are quite a number, I shouldn't have been surprised, but I was, that there are quite a number of those in other parts of the state also. The...most federal agencies, particularly the Department of Defense, when an individual is paid their pension they withhold their federal income tax and their state income tax so that the individual that is a retiree does not have to pay that income tax in a lump sum type of payment at the end of the year, or an estimated quarterly payment. The people that are Office of Personnel Management retirees, civil service annuitants, I've never quite understood why the federal government will not provide that same...why the federal government will not provide that same service for them. The reason is because there has to be an agreement entered into by the State Department of Revenue and the Office of Personnel Management to provide that particular service. This bill would state that it is the policy of Nebraska to enter into that agreement so that the individuals that are receiving retirement checks from the federal government would have their state income tax withheld from those payments and would not be responsible then for writing a lump sum payment on a quarterly estimated basis and one lump sum payment to settle up at the end of the year. It's a convenience most people in our nation experience withholding for both federal income tax and state income tax; this would allow those individuals the same right. There are approximately 13,000 individuals in Nebraska receiving such payments. Nine other states are participating in this particular program. And it also should be pointed out that there are many states that just don't tax the income from this type of pension income that comes from the federal government. It is a fairly simple concept. I'm pleased the Revenue Committee advanced this bill unanimously to the floor early in the session. Should make you aware that this will increase the cost of...there will be a cost associated with the collection of the data from the Office of Personnel Management. OPM is different from other federal agencies in that they don't require the...they don't provide the same types of information that some of these other agencies do, so there will be a cost associated with this. I would urge you to advance this bill. The cost, it would roughly equate to \$2 per...at least if our estimate is correct, on an annual basis about \$2 per retiree to have their income withheld. With that,