

Doug Gibbs February 15, 2012 402-471-0051

LB 974

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *						
	FY 201	2-13	FY 2013-14			
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE			
GENERAL FUNDS	\$ 56,129	(\$ 120,762,000)		(\$ 85,770,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$ 56,129	(\$ 120,762,000)		(\$ 85,770,000)		

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 974 amends Nebraska Revised Statutes Section 77-2701.01, dealing with the income tax rate, to change the primary rate for the individual income tax, corporate income tax, and the financial institutions tax from 3.70% to 3.60%.

The bill would apply to tax years beginning on or after January 1, 2012. The Department of Revenue would issue new withholding tables effective January 1, 2013 to reflect the new tax rates.

The Department of Revenue estimates the following fiscal impact as a result of LB 974:

Fiscal	Individual	Corporate	
Year:	Income Tax:	Income Tax:	Total:
FY2012-13:	(\$ 111,634,000)	(\$ 9,128,000)	(\$ 120,762,000)
FY2013-14:	(\$ 79,223,000)	(\$ 6,547,000)	(\$ 85,770,000)
FY2014-15:	(\$ 83,159,000)	(\$ 6,976,000)	(\$ 90,135,000)

The Department of Revenue estimates a one-time charge from the OCIO for computer programming services of \$56,129.

We find no basis to disagree with the Department's estimate of fiscal impact or cost.

DEPARTMENT OF ADMINISTRATIVE SERVICES						
RE	VIEWED BY	Lyn Heaton	2/23/12	PHONE 471-2526		
COMMENTS						
DEPT. OF REVEN	JE – No basis upor	n which to disagree.				

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State Agency Estimate							
State Agency Name: Department of Revenue			LEGIS	LEGISLATIVE FISCADate Due LFA:		01/12/2012	
Approved by: Douglas Ewald		Date Prepared:	02/13/2012		Phone: 471-5700		
	<u>FY 201</u>	2-2013	<u>FY 201</u>	3-2014	<u>FY 20</u>	<u>14-2015</u>	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$56,129	(\$120,762,000)		(\$85,770,000)		(\$90,135,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$56,129	(\$120,762,000)		(\$85,770,000)		(\$90,135,000)	
	-						

LB 974 changes the primary tax rate for individual income tax, corporate income tax, and the financial institution tax from 3.7% to 3.6%. LB 974 would reduce the individual income tax rates to 2.5%, 3.47%, 4.98%, and 6.5% for the four income tax brackets. The corporate income tax rate would be reduced to 5.43% for the first \$100,000 of taxable income and 7.6% thereafter.

The operative date is January, 1 2012. The Department of Revenue would issue new withholding tables effective January 1, 2013 to reflect the new tax rates.

The estimated impact for individual and corporate income tax collection is as follows:

LB 974

	Individual Income Tax	Corporate Income Tax	Total
FY 2012-2013	\$ (111,634,000)	\$ (9,128,000)	\$ (120,762,000)
FY 2013-2014	\$ (79,223,000)	\$ (6,547,000)	\$ (85,770,000)
FY 2014-2015	\$ (83,159,000)	\$ (6,976,000)	\$ (90,135,000)

The Department expects a one-time charge from the OCIO for computer programming service and web development of NebFile of \$56,129.

	Majo	or Objects of E	Expendit	ure			
Class Code	Classification Title	12-13 <u>FTE</u>	13-14 <u>FTE</u>	14-15 <u>FTE</u>	12-13 Expenditures	13-14 <u>Expenditures</u>	14-15 Expenditures
Benefits							· · · · · · · · · · · · · · · · · · ·
Operating Costs					\$56,129		
Capital Outlay	•••••••••••••••••••••••••••••••••••••••						
Capital Improvements							
Total	•••••••••••••••••••••••••••••••••••••••	•••••	••••••	••••••	\$56,129	\$0	\$0