

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$30,248	(\$999,000)		(\$3,490,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$30,248	(\$999,000)		(\$3,490,000)

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

LB 176 amends the Nebraska Revenue Act of 1967, Section 77-2716 to make adjustments to income subject to Nebraska state income tax.

The bill would provide for a ten-year phase in of an exclusion of military retirement benefits to modify federal adjusted gross income.

For the tax year beginning January 1, 2014, the amount excluded would be 10 percent. The percentage would increase by 10 percent each tax year until for tax year 2023 and tax years thereafter the amount excluded would equal 100 percent.

Military retirement benefit is defined as retirement income received resulting from service in the armed forces of the United States.

The Department of Revenue estimates the following fiscal impact as a result of LB 176:

FY2013-14:	(\$ 999,000)
FY2014-15:	(\$3,490,000)
FY2015-16:	(\$6,209,000)
FY2016-17:	(\$9,137,000)

The Department of Revenue estimates a one-time programming cost of \$30,248 paid to the Office of the CIO to add a line to the Nebraska Schedule I, and a new schedule to the Form 1040N, as well as to the NebFile online system.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 176	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 1/29/2013	PHONE: 402.471.4181
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. It should be noted that the revenue loss beginning in FY 2023-24 when fully implemented has been estimated to be over \$35 million annually. The estimated operational cost to implement the bill appears reasonable.			

