PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 14, 2013 402-471-0051

**LB 81** 

Revision: 00

## **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							
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 81 amends the Nebraska Revenue Act of 1967, Section 77-2716 regarding the corporate income tax.

The bill provides that an unspecified percentage of the amount paid as dividends shall be subtracted from federal taxable income to the extent those dividends have not otherwise reduced federal taxable income.

The bill would be operative for taxable years beginning on or after January 1, 2014.

Technically, because the bill does not specify the percentage of dividends to be subtracted from federal taxable income we cannot determine fiscal impact.

However, the Department of Revenue, assuming the unspecified percentage to be 100 percent, estimates the impact to the General Fund would be as follows:

FY2013-14: \$ 0 FY2014-15: (\$ 27,311,000) FY2015-16: (\$ 84,116,000) FY2016-17: (\$118,156,000)

The Department also indicated a one-time programming cost of \$5,013 paid to the Office of the CIO to add a line to the 1120N Schedule A.

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFA:	02/15/2013	
Approved by: Douglas Ewald		Date Prepared:	02/15/2013		Phone: 471-5896		
	FY 2013-	2014	FY 2014-2015		FY 2015-2016		
	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	
General Funds	\$5,013	\$0	\$0	(\$27,311,000)	\$0	(\$84,116,000)	
Cash Funds							
Federal Funds							
Other Funds					<u>.</u>		
Total Funds	\$5,013	\$0	\$0	(\$27,311,000)	\$0	(\$84,116,000)	

LB 81 allows corporations to subtract an undefined percentage of dividend payments from federal taxable income to the extent that the dividends have not otherwise reduced the corporation's federal taxable income.

Assuming the undefined percentage to be 100 percent, the estimated reduction to the General Fund would be as follows:

FY2013-2014	\$ -
FY2014-2015	\$ 27,311,000
FY2015-2016	\$ 84,116,000
FY2016-2017	\$ 118,156,000

LB 81 will require a one-time programming charge of \$5,013 paid to the OCIO to add a line to the 1120N Schedule A.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
Benefits							
Operating Costs					\$5,013	\$0	\$0
Travel							
Capital Outlay							
Aid							
	nts						
Total		•••••	•••••	•••••			