

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	\$11,225	(\$23,671,000)		(\$17,488,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$11,225	(\$23,671,000)		(\$17,488,000)

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

LB 75 amends the Nebraska Revenue Act of 1967, Section 77-2716 to make adjustments to income subject to Nebraska state income tax.

The bill would, for the tax year beginning January 1, 2013 and tax years thereafter, exclude income received from military retirement to the extent it is included in federal AGI. The amount excluded is capped at no more than \$48,000 for a married, filing jointly return if both spouses receive military retirement benefits. For all other returns the amount excluded is capped at no more than \$24,000.

Military retirement benefit is defined to mean periodic payments attributable to service in the uniformed services of the United States for personal services performed by the individual.

The Department of Revenue estimates the following fiscal impact as a result of LB 75:

FY2013-14:	(\$23,671,000)
FY2014-15:	(\$17,488,000)
FY2015-16:	(\$18,480,000)

The cost for FY2013-14 is more than the two subsequent fiscal years due to the fact that with an exemption starting with tax years beginning on or after January 1, 2013, estimated payments and withholding will have been made in 2013 that will then be refunded in 2014.

The Department of Revenue estimates a one-time programming cost of \$11,225 paid to the Office of the CIO to add a line 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: 75	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.			

