

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 | (\$42,538,000) | | (\$31,137,000) |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | \$30,248 | (\$42,538,000) | | (\$31,137,000) |

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

LB 17 amends the Nebraska Revenue Act of 1967, Section 77-2716 to make adjustments to income subject to Nebraska state income tax.

The bill, for tax year beginning January 1, 2013 and tax years thereafter, would reduce federal adjusted gross income (AGI) by the amount received as Social Security benefits which are included in AGI.

This adjustment would only apply to those taxpayers with a federal AGI of \$80,000 or less (married, filing jointly) and \$60,000 or less (all other returns).

The Department of Revenue estimates the following fiscal impact as a result of LB 17:

| | |
|------------|----------------|
| FY2013-14: | (\$42,538,000) |
| FY2014-15: | (\$31,137,000) |
| FY2015-16: | (\$32,904,000) |

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 \$30,248 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.

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|---|-----|------------------------------------|---------------------|
| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | | |
| LB: 17 | 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. | | | |

