

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	\$ 57,088	\$ 42,234,000		\$ 31,161,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$ 57,088	\$ 42,234,000		\$ 31,161,000

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

LB 532 amends the Nebraska Revenue Act of 1967, Section 77-2715.03 regarding the individual income tax.

For the taxable year beginning January 1, 2013 and before January 1, 2014, and for taxable years beginning on or after January 1, 2014, the bill changes tax bracket four and adds a new tax bracket five and rate.

The new bracket four would be from \$27,000 to \$399,000 for single individuals and married, filing separately returns; \$15,150 and Over for estates and trusts; and \$54,000 to \$449,999 for married, filing jointly and head of household returns. The rate would remain the same at 6.84%.

The new bracket five would be \$400,000 and Over for single individuals and married, filing separately returns; and \$450,000 and Over for married, filing jointly and head of household returns. There is no new fifth bracket for estates and trusts. The new rate for bracket five would be 7.74%.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 532:

FY2013-14:	\$ 42,234,000
FY2014-15:	\$ 31,161,000
FY2015-16:	\$ 32,930,000
FY2016-17:	\$ 34,710,000

The increase for FY2013-14 is higher than the increase for FY2014-15 due to the fifth tax bracket being added beginning with the tax year beginning on or after January 1, 2013; estimated payments will have to be made in 2013 and final payments will be paid the first part of 2014.

The Department also estimates they will require a one-time programming charge of \$57,088 paid to the Office of the CIO for adding a tax bracket, as well as changes to the NebFile filing system.

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

