PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 07, 2013 402-471-0051

LB 626

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	3-14	FY 2014-15			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$ 6,738	\$ 29,875,000		\$ 31,368,000		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$ 6,738	\$ 29,875,000		\$ 31,368,000		

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

LB 626 would outright repeal Sections 77-2715.08 and 77-2715.09 of the Nebraska Revenue Act of 1967.

These sections refer to the capital gains or extraordinary dividends earned exclusion from state income tax for capital stock acquired as a result of or during employment.

The bill would become operative for taxable years beginning on or after January 1, 2013.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 626:

FY2013-14: \$ 29,875,000 FY2014-15: \$ 31,368,000 FY2015-16: \$ 32,937,000 FY2016-17: \$ 34,584,000

The Department indicates that LB 626 will require a one-time programming cost of \$6,738 paid to the Office of the CIO to eliminate a line on the 1040N Schedule I, as well as the NebFile online system.

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

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFA:		
Approved by: Douglas Ewald		Date Prepared:	02/04/2013 Phone: 471-5896				
	FY 2013-2014 FY 2014-2015		<u>-2015</u>	FY 2015-2016			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$6,738	\$29,875,000	\$0	\$31,368,000	\$0	\$32,937,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$6,738	\$29,875,000	\$0	\$31,368,000	\$0	\$32,937,000	
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LB 626 would repeal outright Neb. Rev. Stat. §§ 77-2715.08 and 77-2715.09, which grant an income tax exclusion for capital gains recognized or extraordinary dividends earned with regard to capital stock acquired as a result of or during employment.

The exclusion would be eliminated for taxable years beginning or deemed to begin on or after January 1, 2013.

The estimated gain to the General Fund would be as follows:

FY 2013-2014	\$ 29,875,000
FY 2014-2015	\$ 31,368,000
FY 2015-2016	\$ 32,937,000
FY 2016-2017	\$ 34,584,000

LB 626 will require a one-time programming charge of \$6,738 paid to the OCIO to eliminate a line on the 1040N Schedule I, as well as to the NebFile online filing system.

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 <u>Expenditures</u>	15-16 Expenditures
Benefits							
Operating Costs					\$6,738	\$0	\$0
Travel							
Capital Outlay							
Aid							
Capital Improvement	ts						
					\$6,738	\$0	\$0