

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 457 amends the Nebraska Revenue Act of 1967, Section 77-2734.07 regarding adjustments to federal taxable income for Nebraska state income tax purposes.

For taxable years beginning on or after January 1, 2014, the bill would allow a net operating loss (NOL) to be deducted for each of the twenty taxable years following the year of loss.

Current statute allows both a net operating loss and a capital loss to be deducted for five taxable years following the year of loss. The capital loss deduction is not changed by LB 457.

The Department of Revenue indicates that under current statute a corporation may carry forward a net operating loss through tax year 2019. Therefore, the impact on corporate income tax receipts will not begin until FY2020-21. Based on a sample of corporate NOLs, the General Fund revenue impact of the bill, when fully effective, would be a reduction of approximately \$8 million annually.

The Department estimates the cost to implement LB 457 would be minimal.

We have no basis to disagree with the Department’s estimate of fiscal impact or cost.

