Doug Gibbs February 05, 2013 402-470-0051

LB 327

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 20)14-15			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$ 44,338	(\$ 85,286,000)		(\$ 209,556,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$ 44,338	(\$ 85,286,000)		(\$ 209,556,000)			

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

LB 327 amends the Nebraska Revenue Act of 1967, Section 77-2715.03 regarding the individual income tax.

For taxable years beginning January 1, 2014 or thereafter, the individual income rates are decreased as follows:

<u>Bracket:</u>	Current Rate:	LB 327 New Rate:
1	2.46%	2.20%
2	3.51%	3.20%
3	5.01%	4.50%
4	6.84%	6.20%

The Department of Revenue estimates the following fiscal impact to the General Fund:

FY2013-14:	(\$ 85,286,000)
FY2014-15:	(\$ 209,556,000)
FY2015-16:	(\$ 221,448,000)
FY2016-17:	(\$ 233,421,000)

The bill will also require a one-time programming charge of \$44,338 paid to the Office of the CIO to change tax rates on the mainframe.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

Fiscal Note 2013

State Agency Estimate								
State Agency Name: Department of Revenue Date Due L						02/06/2016		
Approved by: Douglas Ewald		Date Prepared:	02/04/2013		Phone: 471-5896			
	FY 2013-2014		FY 2014-2015		FY 2015-2016			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$44,338	(\$85,286,000)		(\$209,556,000)		(\$221,448,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$44,338	(\$85,286,000)		(\$209,556,000)		(\$221,448,000)		

LB 327 would amend Neb. Rev. Stat. § 77-2715.03 to decrease the individual income tax rates for tax years beginning or deemed to begin on or after January 1, 2014 as follows:

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Jan 1, 2014 Rate	LB 327 Rate
1	\$0 - 6,000	\$0 - 5,600	\$0 - 3,000	2.46%	2.20%
2	\$6,000 - 36,000	\$5,600 - 28,800	\$3,000 - 18,000	3.51%	3.20%
3	\$36,000 - 58,000	\$28,800 - 43,000	\$18,000 - 29,000	5.01%	4.50%
4	Over \$58,000	Over \$43,000	Over \$29,000	6.84%	6.20%

The estimated total reduction to the General Fund would be as follows:

FY 2013-2014	\$ 85,286,000
FY 2014-2015	\$ 209,556,000
FY 2015-2016	\$ 221,448,000
FY 2016-2017	\$ 233,421,000

LB 327 will require a one-time programming charge of \$44,338 paid to the OCIO to change the tax rates on the mainframe.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 <u>Expenditures</u>	14-15 <u>Expenditures</u>	15-16 <u>Expenditures</u>	
Benefits								
Operating Costs	\$44,338	\$0	\$0					
Travel								
Capital Outlay								
Aid								
Capital Improveme								
Capital Improvements					\$44,338	\$0	\$0	