PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 25, 2015 402-471-0051

LB 63

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	5-16	FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$11,815	(\$27,474,000)	\$0	(\$111,612,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$11,815	(\$27,474,000)	\$0	(\$111,612,000)			

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

LB 63 amends the Nebraska Revenue Act of 1967, Section 77-2716.

The bill provides that for Nebraska state income tax purposes, federal adjusted gross income (AGI) for taxpayers 65-years of age or older, shall exclude income subjected to federal tax under the Internal Revenue Code sections 1401(a) and 3101(a), to the extent such income was included in AGI for federal income tax purposes.

IRC Section 1401 deals with the rate of tax on self-employment income; (a) refers to old-age, survivors, and disability insurance income.

IRC Section 3101 deals with the rate of tax on employees; (a) refers to old-age, survivors, and disability insurance income.

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

FY2015-16: (\$ 27,474,000) FY2016-17: (\$ 111,612,000) FY2017-18: (\$ 118,435,000) FY2018-19: (\$ 125,144,000)

The Department of Revenue estimates a one-time programming charge of \$11,815 for mainframe programming changes as well as web programming costs for the NebFile system.

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

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:		
Approved by: Len Sloup	Date Prepared:		1/20/2015	Phone: 471-5896			
	FY 2015-2016		FY 2016-2017		FY 2017-2018		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$11,815	(\$27,474,000)	\$0	(\$111,612,000)	\$0	(\$118,435,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$11,815	(\$27,474,000)	\$0	(\$111,612,000)	\$0	(\$118,435,000)	
				<u> </u>			

LB 63 provides a reduction to federal adjusted gross income for individuals at least 65 years old for the amount of income subject to tax under section 1401(a) or 3101(a) of the Internal Revenue Code to the extent such income was included in federal adjusted gross income. The adjustment applies to tax years beginning on or after January 1, 2016.

The estimated reduction to General Fund revenues would be as follows:

FY 2015-2016	\$ 27,474,000
FY 2016-2017	\$ 111,612,000
FY 2017-2018	\$ 118,435,000
FY 2018-2019	\$ 125,144,000

LB 63 will require a one-time programming charge of \$11,815 for mainframe programming changes as well as web programming costs for the NebFile online filing system.

Major Objects of Expenditure							
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures
Benefits							
Operating Costs					\$11,815	\$0	\$0
Travel							
A : .1							
	nts						
					\$11,815	\$0	\$0