

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$33,318	\$0	\$0	(\$45,637,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$33,318</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$45,637,000)</b>

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

LB 64 amends the Nebraska Revenue Act of 1967, Section 77-2716, regarding modifications and or exclusions to federal adjusted gross income (AGI) for Nebraska state income tax purposes.

The bill modifies AGI by excluding from AGI the amount of income received from all secondary jobs. The amount of excluded income allowed is up to \$240,000 for taxpayers filing a married filing jointly return and \$120,000 for all other returns and must meet the following conditions:

- The amount of income from secondary jobs is more than 10% but less than 100% of the amount of income from the taxpayer's primary job; and
- The amount of income from the primary job and all secondary jobs in the current taxable year equals or exceeds that amount from the previous taxable year; and
- The employers for the taxpayer's primary job and secondary job are not related persons, or if the taxpayer is self-employed for a secondary job, the taxpayer is not related to their primary job employer.

Primary job does not include self-employment and is the job the taxpayer is employed for at least 40 hours a week for 48 weeks in the taxable year and for which the taxpayer earns wages, salaries, tips or other payments subject to federal income tax withholding. It must also meet federal minimum wage requirements.

Secondary job is one in which the taxpayer works in addition to the taxpayer's primary job and is either self-employment or they earn wages, salaries, tips or other payments subject to federal income tax withholding and also meets federal minimum wage requirements.

The bill becomes operative for taxable years beginning January 1, 2016 and thereafter.

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

FY2015-16:	\$ 0
FY2016-17:	(\$ 45,637,000)
FY2017-18:	(\$ 48,273,000)
FY2018-19:	(\$ 51,057,000)

The Department of Revenue indicates that LB 64 will require a one-time programming charge of \$33,318 paid to the Office of the CIO to add a line to the Form 1040N, Nebraska Schedule I, as well as to the NebFile system.

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

