

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$11,815	(\$151,726,000)	\$0	(\$114,211,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$11,815	(\$151,726,000)	\$0	(\$114,211,000)

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

LB 20 amends the Nebraska Revenue Act of 1967, Section 77-2716, dealing with reductions and modifications to federal adjusted gross income (AGI) for Nebraska state income tax purposes.

The bill would reduce AGI by the entire amount of Social Security benefits received for the tax year beginning January 1, 2015 and thereafter.

The bill would also modify AGI by excluding income received as military retirement benefits for the tax year beginning January 1, 2015 and thereafter.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 20:

FY2015-16:	(\$ 151,726,000)
FY2016-17:	(\$ 114,211,000)
FY2017-18:	(\$ 121,090,000)
FY2018-19:	(\$ 127,904,000)

The loss of revenue in FY2015-16 is greater than subsequent years because with an exemption beginning on or after January 1, 2015, any estimated payments and withholding relating to these benefits that will have already occurred in 2015, will be refunded in 2016.

The Department of Revenue indicates that LB 20 will require a one-time programming cost of \$11,815 for mainframe programming changes as well as web programming costs for the NebFile system.

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 20	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/2/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department's analysis.		

