

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB 49 amends the Nebraska Revenue Act of 1967 Section 77-2714.

The bill adds language to Section 77-2714 that in the event the Internal Revenue Code (IRC) is amended for a tax year that begins in the calendar year in which the amendment is enacted that affects the determination of federal adjusted gross income (AGI) that it shall not affect the determination of Nebraska taxable income for any taxable year that begins in the calendar year in which the amendment is enacted.

The bill also requires that within 60 days of the enactment of such an amendment the Tax Commissioner shall prepare and submit a report that outlines the changes in the IRC and its impact on state revenue and various classes and types of taxpayers. The report is to be submitted to the following:

- Governor
- Legislative Fiscal Analyst
- Speaker of the Legislature
- Chairperson of the Executive Board
- Chairperson of the Revenue Committee
- Chairperson of the Appropriations Committee

If the Tax Commissioner determines that the enacted amendment to the IRC will result in an impact of less than \$5,000,000 on state revenue, the requirement regarding the determination of Nebraska taxable income in subsection (1) of Section 3 of the bill will not apply.

The bill has an operative date of January 1, 2018.

The Department of Revenue has estimated that there is no fiscal impact to General Fund revenues as a result of LB 49.

The Department of Revenue indicates that LB would require programming charges of \$55,518 in the years that the changes in the IRC result in revenue impacts that exceed \$5,000,000, paid to the Office of the CIO for mainframe development and web development.

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

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA: 1/30/2017

Approved by: Tony Fulton

Date Prepared: 1/27/2017

Phone: 471-5896

	FY 2017-2018		FY 2018-2019		FY 2019-2020	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	See below	\$ 0	See below	\$ 0	See below	\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	See below	\$ 0	See below	\$ 0	See below	\$ 0

LB 49 applies to amendments to the IRC that affect the determination of the federal AGI for a taxable year that begins in the calendar year in which the amendment is enacted. LB 49 provides that if the Tax Commissioner determines that the impact of the amendment on the state income tax revenue for the fiscal year will be five million dollars or more, the amendment shall not affect the determination of the Nebraska taxable income for a taxable year that begins in the calendar year in which the amendment is enacted.

LB 49 provides that within 60 days of an amendment to the IRC, the Tax Commissioner shall submit a report to the governor and the legislature that outlines the impact of the amendment "on various classes and types of taxpayers."

It is estimated there will be no impact to General Fund revenues.

LB 49 would require programming charges of \$55,518 in the years that the changes in the IRC result in revenue impacts that exceed \$5,000,000. This will be paid to the OCIO for mainframe development and web development.

Major Objects of Expenditure

Class Code	Classification Title	17-18	18-19	19-20	17-18	18-19	19-20
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Aid.....							
Capital Improvements.....							
<b>Total.....</b>							