PREPARED BY: DATE PREPARED: PHONE: Douglas Gibbs February 05, 2018 402-471-0051

LB 1050

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	8-19	FY 2019-20				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$57,746	(\$10,645,000)	\$0	(\$26,118,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$57,746	(\$10,645,000)	\$0	(\$26,118,000)			

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

LB 1050 amends Nebraska Revised Statutes Section 77-2716 to provide a reduction to federal adjusted gross income (AGI) for charitable contributions for tax years beginning on or after January 1, 2019, to the extent those contributions are not included in the individual's federal tax return.

The amount of reduction is limited to a maximum of \$2,000 for those individuals filing a married filing jointly return, and \$1,000 for all other returns.

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

FY2018-19: (\$ 10,645,000) FY2019-20: (\$ 26,118,000) FY2020-21: (\$ 27,512,000) FY2021-22: (\$ 28,993,000)

The Department of Revenue indicates they will require a one-time programming charge of \$57,746 paid to the Office of the CIO for mainframe development costs and to add a new line on the NebFile for Individuals web based filing system.

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

ADMINI	STRATIVE SERVIC	ES STATE BUDGET DIVISIO	N: REVIEW OF AGENCY & POLT. SUB. RESPONSE	
LB: 1050 AM: AGENCY/POLT. SUB: Dept. of Revenue				
REVIEWED B	BY: Lyn Heaton	DATE: 2/5/2018	PHONE: (402) 471-4181	
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.				

LB 1050 Fiscal Note 2018

State Agency Estimate						
State Agency Name: Department	of Revenue				Date Due LFA:	2/5/2018
Approved by: Tony Fulton		Date Prepared:	2/5/2018		Phone: 471-5896	
	FY 2018-2019		FY 2019-2020		FY 2020-2021	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$57,746	(\$10,645,000)		(\$26,118,000)		(\$27,512,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$57,746	(\$10,645,000)		(\$26,118,000)		(\$27,512,000)

LB 1050 amends Neb. Rev. Stat. § 77-2716 to create an income tax deduction for charitable contributions made during the taxable year to the extent not deducted from federal income tax purposes. LB 1050 essentially allows this adjustment to individuals who have not claimed itemized deductions in the past, and individuals who will no longer itemize because the Tax Cuts and Jobs Act of 2017 increased the federal standard deduction dramatically. The deduction is limited to \$2,000 per married, filing jointly return and \$1,000 for any other return and is for taxable years beginning or deemed to begin on or after January 1, 2019.

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

FY18-19 \$ 10,645,000 FY19-20 \$ 26,118,000 FY20-21 \$ 27,512,000 FY21-22 \$ 28,993,000

LB 1050 will require a one-time programming charge of \$57,746 paid to the OCIO for mainframe development costs and to add a new line on the NebFile for Individuals web based filing system.

Major Objects of Expenditure							
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 Expenditures	19-20 Expenditures	20-21 Expenditures
	Benefits. Operating Costs. \$57,746						
Travel					φο τ,τ το		
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Total		