

Revised to reflect AM1488

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(2,377,000)		(2,454,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(2,377,000)		(2,454,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 456 provides a non-refundable tax credit for shareholders in a subchapter S corporation. As amended, the bill provides for a 50% phase-in over the first two years. The credit is equal to the shareholder's portion of the amount of franchise tax paid by the corporation.

There are currently 87 banks in Nebraska organized as S corporations. Based on the deposits tax paid by these banks, the growth of deposits, and the current rate of conversions of banks from C corporations to S corporations, the Department of Revenue estimates the following revenue impact:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(2,377,000)
2008-09	(2,454,000)
2009-10	(3,642,000)
2010-11	(3,693,000)

The Department of Revenue estimates minimal implementation costs.

IMPACT ON POLITICAL SUBDIVISIONS: This bill does not appear to have a material fiscal impact on political subdivisions.