

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|---|---------------------|--------------------|---------------------|--------------------|
| | FY 2007-08 | | FY 2008-09 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | 21,160 | (1,382,000) | 18,090 | (2,831,000) |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | 21,160 | (1,382,000) | 18,090 | (2,831,000) |

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

LB 169 allows for an exclusion of military retirement benefits, resulting from service in the armed forces, from federal adjusted gross income. The bill phases in the exclusion at 10% per year, with 100% exclusion in 2016. The bill is operative for tax years beginning January 1, 2007.

Based on approximately 12,000 filers, the estimated revenue impact is as follows.

| <u>Fiscal Year</u> | <u>Revenue</u> |
|--------------------|----------------|
| 2007-08 | (1,382,000) |
| 2008-09 | (2,831,000) |
| 2009-10 | (4,307,000) |
| 2010-11 | (6,122,000) |

The Department of Revenue estimates the following costs associated with the implementation of LB 169:

| Expense Items | FY08 | FY09 |
|---|---------------|---------------|
| Revenue Operations Analyst II (0.5 FTE) | 13,200 | 13,600 |
| Benefits | 4,360 | 4,490 |
| Operating Expenses | 3,600 | |
| Total | 21,160 | 18,090 |

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