

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$23,892	(\$265,000)		(\$4,611,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$23,892	(\$265,000)		(\$4,611,000)

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

LB 819 amends the Revenue Act of 1967 to subtract a percentage of social security benefits from federal adjusted gross income (AGI). The bill sets out the percentage of reduction based on the taxpayer’s federal AGI and the tax year, beginning in tax year 2021, on a scale with the highest percentage of reduction available for taxpayers with the lowest federal AGI.

Revenue:

The Department of Revenue estimates revenue to the General Fund as follows:

FY 2019-20	\$0
FY 2020-21	(\$265,000)
FY 2021-22	(\$4,611,000)
FY 2022-23	(\$14,869,000)
FY 2023-24	(\$26,741,000)
FY 2024-25	(\$39,983,000)
FY 2025-26	(\$50,220,000)

Expenditures:

The department estimates a one-time cost of \$23,892 to OCIO for web development changes.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 819	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 02/03/2020	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue’s assessment of fiscal impact.			

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFA:			
Approved by: Tony Fulton				Date Prepared:			
				Phone: 471-5896			
	FY 2020-2021		FY 2021-2022		FY 2022-2023		
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	\$23,892	(\$265,000)		(\$4,611,000)		(\$14,869,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$23,892	(\$265,000)		(\$4,611,000)		(\$14,869,000)	

LB 819 amends section §77-2716 to provide a reduction from federal adjusted gross income (AGI) for social security benefits. The reduction amounts are as follows:

For married filing jointly taxpayers with federal AGI of less than \$75,000; and for all other returns with federal AGI of less than \$60,000, taxpayers will subtract the following percentage of social security benefits from federal AGI:

- 20% for tax years beginning on or after January 1, 2021 and before January 1, 2022;
- 40% for tax years beginning on or after January 1, 2022 and before January 1, 2023;
- 60% for tax years beginning on or after January 1, 2023 and before January 1, 2024;
- 80% for tax years beginning on or after January 1, 2024 and before January 1, 2025;
- 100% for tax years beginning on or after January 1, 2025;

For married filing jointly taxpayers with federal AGI of at least \$75,000 but less than \$80,000; and for all other returns with federal AGI of at least \$60,000 but less than \$65,000, taxpayers will subtract the following percentage of benefits from federal AGI:

- 16% for tax years beginning on or after January 1, 2021 and before January 1, 2022;
- 32% for tax years beginning on or after January 1, 2022 and before January 1, 2023;
- 48% for tax years beginning on or after January 1, 2023 and before January 1, 2024;
- 64% for tax years beginning on or after January 1, 2024 and before January 1, 2025;
- 80% for tax years beginning on or after January 1, 2025;

For married filing jointly taxpayers with federal AGI of at least \$80,000 but less than \$85,000; and for all other returns with federal AGI of at least \$65,000 but less than \$70,000, taxpayers will subtract the following percentage of benefits from federal AGI:

- 12% for tax years beginning on or after January 1, 2021 and before January 1, 2022;
- 24% for tax years beginning on or after January 1, 2022 and before January 1, 2023;
- 36% for tax years beginning on or after January 1, 2023 and before January 1, 2024;
- 48% for tax years beginning on or after January 1, 2024 and before January 1, 2025;
- 60% for tax years beginning on or after January 1, 2025;

For married filing jointly taxpayers with federal AGI of at least \$85,000 but less than \$90,000; and for all other returns with federal AGI of at least \$70,000 but less than \$75,000, taxpayers will subtract the following percentage of benefits from federal AGI:

