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**LB 1175**

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	113,171	440,000	57,016	1,670,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	113,171	440,000	57,016	1,670,000

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

LB 1175 changes provisions related to income tax withholdings.

Under the bill's provisions, withholdings will be required from independent contractors. Such withholdings would be reported on 1099's and, according to the Department of Revenue, would be processed through the existing withholding system. A portion of the withholding may be deducted as an expense prior to calculating the amount.

The bill has no specified operative date. The Department of Revenue assumed an operative date of September 1, 2008 to determine the fiscal impact. It is estimated that General Fund revenue will increase by \$440,000 in fiscal year 2008-09 and \$1,670,000 in fiscal year 2009-10. There is no basis to disagree with these estimates.

The Department of Revenue estimates the need to hire a Revenue Senior Auditor to address the increased workload that will result from these new remissions. In addition, the Department estimates one-time computer system costs of \$57,815 in fiscal year 2008-09. These estimates appear to be reasonable.