

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$105,660			(\$300,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$105,660			(\$300,000)

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

LB 776 provides for a reduction to Federal Adjusted Gross Income (FAGI). For tax year 2023 and each year after, reserve members of the US armed forces can reduce their FAGI in the following two scenarios:

- The member is ordered to active duty for ongoing federal military operations; or
- The member is called to state active duty for a natural disaster or state emergency.

For such reserve members, LB 776 allows them to reduce their FAGI by the amount equal to their military pay received for these events.

The Department of Revenue estimates that approximately 3% of reserve members are ordered to active duty each year. The estimated impact to General Fund revenues is as follows:

- FY22-23: \$0
- FY23-24: (\$300,000)
- FY24-25: (\$307,000)

The Department of Revenue estimates the need for a one-time OCIO charge of \$105,660 to implement LB 776. There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
<b>LB: 776</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: Nebraska Department of Revenue (16)</b>
REVIEWED BY: Joe Wilcox	DATE: 01/18/2022	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Department of Revenue estimate of Potential one-time General Fund Fiscal Impact to the Agency from LB 776, as well as potential ongoing General Fund Revenue Loss from LB 776.		

