

PREPARED BY: John Wiemer
 DATE PREPARED: February 13, 2023
 PHONE: 402-471-0051

LB 38

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$70,070	(\$846,000)		(\$2,047,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$70,070	(\$846,000)		(\$2,047,000)

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

LB 38 seeks to allow an individual to reduce his or her federal adjusted gross income (FAGI) by the amounts received as annuities under the Federal Employees Retirement System or the Civil Service Retirement System which were earned for being employed by the federal government. This reduction would commence for taxable years beginning or deemed to begin on or after January 1, 2024.

The Department of Revenue (DOR) estimates the following impact to General Fund revenues from this bill:

- FY 23-24: (\$846,000)
- FY 24-25: (\$2,047,000)
- FY 25-26: (\$2,082,000)
- FY 26-27: (\$2,127,000)
- FY 27-28: (\$2,206,000)

The DOR estimates a one-time charge for programming to be paid to the Office of the Chief Information Officer (OCIO) of \$70,070 to add lines to the Schedule I and to the NebFile online filing system.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 38	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 2/10/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 38 appears reasonable.		

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: Glen White

Date Prepared: 02/10/2023

Phone: 471-5896

	FY 2023-2024		FY 2024-2025		FY 2025-2026	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$ 70,070	\$ (846,000)		\$ (2,047,000)		\$ (2,082,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$ 70,070	\$ (846,000)		\$ (2,047,000)		\$ (2,082,000)

LB 38 allows individuals to reduce federal adjusted gross income (AGI) by amounts received as annuities under the Federal Employees Retirement System or the Civil Service Retirement System that were earned from employment with the federal government to the extent included in Federal AGI. The adjustment is allowed for tax year beginning on or after January 1, 2024.

The estimated fiscal impact to the General Fund revenues would be as follows:

FY 2023-24	\$ (846,000)
FY 2024-25	\$ (2,047,000)
FY 2025-26	\$ (2,082,000)
FY 2026-27	\$ (2,127,000)
FY 2027-28	\$ (2,206,000)

LB 38 will require a one-time programming charge of \$70,070 paid to the OCIO to add lines to the Schedule I and as well as to the NebFile online filing system.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>23-24 FTE</u>	<u>24-25 FTE</u>	<u>25-26 FTE</u>	<u>23-24 Expenditures</u>	<u>24-25 Expenditures</u>	<u>25-26 Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$ 70,070		
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total				\$ 70,070		