

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$47,664,000)		(\$31,802,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		(\$47,664,000)		(\$31,802,000)

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

LB 641 seeks to change provisions related to social security benefits and federal adjusted gross income starting in taxable year 2023. Federal adjusted gross income is reduced by a percentage of the social security benefits received and included in the federal adjusted gross income. The percentage is set to increase each year until 100% of social security benefits can be deducted. The percent of the exemption for social security benefits are changed to the following for the years listed below:

- Jan 1, 2023 to Jan 1, 2024: 70%
- Jan 1, 2024 and after: 100%

Additionally, LB 641 makes changes to the existing exemption for lower-income recipients so that it ends at the end of taxable year 2023. For 2023, the taxpayer can, thus, still utilize the exemption for lower income recipients or the 70% exemption, whichever provides the greater reduction.

The Department of Revenue (DOR) estimates the following General Fund revenue reductions from this bill:

- FY 2023-24: (\$47,664,000)
- FY 2024-25: (\$31,802,000)
- FY 2025-26: (\$11,751,000)
- FY 2026-27: \$ -

The DOR estimates that there will be minimal costs for it to implement this bill.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 641	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 2/1/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 641 appears reasonable.		

