

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(196,136,000)		(159,261,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(196,136,000)		(159,261,000)

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

LB 436 changes the Nebraska Individual Income tax as follows:

- Eliminates the alternative minimum tax for Nebraska purposes
- Eliminates itemized deductions for Nebraska purposes
- Reduces the number of tax brackets from 4 to 2.
 - \$0 - \$45,000 and \$45,000 and above for single, married filing separate, and fiduciary returns
 - \$0 - \$90,000 and \$90,000 and above for married filing joint and head of household returns.
- Changes the tax rate factors for these two brackets to 4.8% and 7.1%, respectively
- Establishes a \$300 personal exemption for tax year 2007, and provides for annual indexing of this amount
- Establishes Nebraska standard deduction amounts for tax year 2007, and provides for annual indexing of these amounts
 - Single and married filing separate returns - \$6,100
 - Married filing joint and head of household returns - \$12,200
 - Additional deduction for elderly/blind individuals - \$1,150

LB 436 is operative for tax years beginning on and after January 1, 2007.

Estimated implementation costs are immaterial.

The Department of Revenue estimates the following revenue impact:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(196,136,000)
2008-09	(159,261,000)
2009-10	(170,203,000)
2010-11	(181,186,000)

IMPACT ON POLITICAL SUBDIVISIONS: This bill does not appear to have a material fiscal impact on political subdivisions.