

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	21,160	(10,902,000)	18,090	(11,621,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	21,160	(10,902,000)	18,090	(11,621,000)

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

LB 354 allows for an exclusion of military retirement benefits from federal adjusted gross income to the extent that it is included in federal adjusted gross income. The exclusion is limited to \$48,000 annually for married filing jointly returns where both spouses are receiving military retirement benefits, and \$24,000 annually for all other returns. The bill is operative for tax years beginning January 1, 2007.

The estimated revenue impact is as follows.

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(10,902,000)
2008-09	(11,621,000)
2009-10	(12,342,000)
2010-11	(13,094,000)

The Department of Revenue estimates the following costs associated with the implementation of LB 354:

Expense Items	FY08	FY09
Revenue Operations Analyst II (0.5 FTE)	13,200	13,600
Benefits	4,360	4,490
Operating Expenses	3,600	
Total	21,160	18,090

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