

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b> |                     |                       |                     |                       |
|---|---------------------|-----------------------|---------------------|-----------------------|
|   | <b>FY 2010-11</b>   |                       | <b>FY 2011-12</b>   |                       |
|   | <b>EXPENDITURES</b> | <b>REVENUE</b>        | <b>EXPENDITURES</b> | <b>REVENUE</b>        |
| GENERAL FUNDS                                       | \$3,750             | (\$36,275,000)        |                     | (\$84,295,000)        |
| CASH FUNDS  |                     |                       |                     |                       |
| FEDERAL FUNDS                                       |                     |                       |                     |                       |
| OTHER FUNDS   |                     |                       |                     |                       |
| <b>TOTAL FUNDS</b>                                  | <b>\$3,750</b>      | <b>(\$36,275,000)</b> |                     | <b>(\$84,295,000)</b> |

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

LB 958 would amend Nebraska Revised Statutes Section 77-2716 to exclude retirement benefits from the calculation of Nebraska income tax by allowing reductions to federal adjusted gross income for taxable years beginning January 1, 2011, in the amount of those benefits up to a maximum amount per type of filer.

Retirement benefits received under the following acts or systems would qualify for the reduction:

- Social Security benefits
- Private pensions and annuities qualified under 401(a) and 403(a) of the Internal Revenue Code
- Class V School Employees Retirement Act
- Nebraska County Employees Retirement Act
- Nebraska Judges Retirement Act
- Nebraska State Patrol Retirement Act
- Nebraska School Employees Retirement Act
- Nebraska State Employees Retirement Act
- United States civil service retirement system
- United States military employee retirement system

For tax year 2011, the exclusion from federal AGI would be limited to \$20,000 for a married filing jointly return and \$10,000 for all other returns.

For tax year 2012, the exclusion from federal AGI would be limited to \$30,000 for a married filing jointly return and \$15,000 for all other returns.

For tax year 2012 and thereafter, the exclusion from federal AGI would be limited to \$40,000 for a married filing jointly return and \$20,000 for all other returns.

The Department of Revenue estimates the following fiscal impact to the General Fund:

|            |                 |
|------------|-----------------|
| FY2010-11: | (\$ 36,275,000) |
| FY2011-12: | (\$ 84,295,000) |
| FY2012-13: | (\$103,713,000) |

The Department of Revenue also estimates a one-time mainframe programming expenditure of \$3,750.

There is no basis to disagree with the Department's estimate of fiscal impact or cost.