

PREPARED BY: Doug Gibbs  
 DATE PREPARED: February 07, 2014  
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**LB 1038**

Revision: 01

Revised to make correction in narrative

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$456,907	(\$226,870,000)	\$249,610	(\$458,278,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$456,907</b>	<b>(\$226,870,000)</b>	<b>\$249,610</b>	<b>(\$458,278,000)</b>

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

LB 1038 amends the Nebraska Revenue Act of 1967 to provide a nonrefundable income tax credit to resident owners of agricultural or horticultural land.

The credit against Nebraska income taxes is for the amount of property taxes paid during the taxable year on agricultural or horticultural land that exceed 5% of the taxpayer's federal adjusted gross income.

LB 1038 is operative for taxable years beginning on or after January 1, 2015.

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

FY2014-15:	(\$226,870,000)
FY2015-16:	(\$458,278,000)
FY2016-17:	(\$467,444,000)
FY2017-18:	(\$476,792,000)

The Department of Revenue indicates that the changes proposed by LB 1038 will require a one-time programming charge of \$70,280 paid to the office of the CIO for mainframe and web development changes. In addition, the Department states they will need to hire contractors to develop a program necessary to validate property tax payments. The CIO estimates the cost of hiring contractors would be \$338,740 for an 18-month development period. The Department would also hire a 1.0 FTE Senior Application Developer for ongoing maintenance of the program, 1.0 FTE Revenue Agent to process the large number of returns claiming the credit. The estimated cost for FY14-15 would be \$456,907 and for FY15-16 would be \$249,610. PSL would be \$85,614 and \$87,541 for each fiscal year respectively.

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

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 1038	AM:	AGENCY/POLT. SUB: NE Assoc. of County Officials (NACO)
REVIEWED BY: Lyn Heaton	DATE: 2/4/2014	PHONE: 402.471.4181
COMMENTS: Concur. No direct fiscal impact on counties.		



Please complete ALL (5) blanks in the first three lines.

**2014**

**LB<sup>(1)</sup> 1038**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Association of County Officials (NACO)

Prepared by: <sup>(3)</sup> Elaine Menzel

Date Prepared: <sup>(4)</sup> 1/28/2014

Phone: <sup>(5)</sup> 402.434.5660,  
ext 225

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB 1038 would allow an individual to claim a nonrefundable credit against income tax. The fiscal impact to counties would be non-existent or minimal. Since counties do not receive income taxes, the income tax credit would not have a fiscal impact on counties.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15 EXPENDITURES</u>	<u>2015-16 EXPENDITURES</u>
	<u>14-15</u>	<u>15-16</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>