

Revised to correct calculation error

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$55,563	(\$8,347,000)	\$44,338	(\$24,930,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$55,563	(\$8,347,000)	\$44,338	(\$24,930,000)

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

LB 987 amends Nebraska Revised Statutes Sections 77-2715.03 and 77-2716 dealing with Nebraska income tax.

Section 77-2715.03 is amended to provide, beginning with taxable years beginning on or after January 1, 2015, for indexing of the income brackets for inflation. The indexed rate is to be determined by the Tax Commissioner pursuant to section 1(f) of the Internal Revenue Code of 1986, as amended. The indexing is to be done annually. The tax rate is unchanged.

Section 77-2716 is amended to provide for a reduction in federal adjusted gross income (AGI) by the amount received as Social Security benefits which are included in federal AGI for Nebraska income tax purposes. The adjustment applies to those taxpayers with federal AGI of \$58,000 or less for married filing joint returns and \$43,000 or less for all other returns.

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

FY2014-15:	(\$ 8,347,000)
FY2015-16:	(\$ 24,930,000)
FY2016-17:	(\$ 37,284,000)
FY2017-18:	(\$ 51,617,000)

The Department indicates that LB 987 will require a programming charge of \$55,563 paid to the office of CIO for mainframe and web development costs for the first year. For the second year and beyond, LB 987 will require a charge of \$44,338 paid to the office of the CIO each year that tax brackets change.

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

