PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 10, 2014 402-471-0051

LB 1056

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	4-15	FY 2015-16				
	EXPENDITURES	REVENUE	EXPENDITURES	EXPENDITURES REVENUE			
GENERAL FUNDS	\$57,088	\$15,411,000		\$37,816,000			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$57,088	\$15,411,000		\$37,816,000			

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

LB 1056 amends the Nebraska Revenue Act of 1967 Section 77-2715.03 to change the individual income tax brackets.

For taxable years beginning January 1, 2015 and thereafter, the bill would change tax brackets 3 and 4 and add a new tax bracket 5 as follows:

Bracket Number:	Single Individuals:	Married, Filing Jointly:	Head of Household:	Married, Filing Separate:	Estates and Trusts:	Tax Rate:
3	\$18,000 -	\$36,000 -	\$28,800 -	\$18,000 -	\$4,700 -	5.01%
	\$37,499	\$74,999	\$56,249	\$37,499	\$15,149	
4	\$37,500 -	\$75,000 -	\$56,250 -	\$37,500 -	\$15,150 —	6.84%
	\$74,999	\$149,999	\$112,499	\$74,999	and over	
5	\$75,000 -	\$150,000 -	\$112,500 –	\$75,000 —		7.84%
	and over	and over	and over	and over		

Tax bracket 1 and 2 would remain unchanged from the taxable year beginning January 1, 2014 and before January 1, 2015.

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

FY2014-15: \$ 15,411,000 FY2015-16: \$ 37,816,000 FY2016-17: \$ 39,808,000 FY2017-18: \$ 41,884,000

The Department of Revenue indicates they will incur a one-time programming charge of \$57,088 paid to the office of the CIO for mainframe and web development costs.

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

State Agency Estimate							
State Agency Name: Department of	f Revenue				Date Due LFA:	1/31/2014	
Approved by: Kim Conroy		Date Prepared:	1/31/2014		Phone: 471-5896		
		2015	FY 2015-2016		FY 2016-2017		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$57,088	\$15,411,000		\$37,816,000		\$39,808,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$57,088	\$15,411,000		\$37,816,000		\$39,808,000	
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LB 1056 adjusts the third and fourth individual income tax brackets and creates an additional fifth tax bracket with a tax rate of 7.84% for tax years beginning on or after January 1, 2015. Specifically, the tax brackets and rates under LB 1056 would be as follows:

Bracket Number	Married, Filing Jointly	Head of Household	Single Individuals	Tax Rate
1	\$0-6,000	\$0-5,600	\$0-3,000	2.46%
2	\$6,000-36,000	\$5,600-28,800	\$3,000-18,000	3.51%
3	\$36,000-75,000	\$28,800-56,250	\$18,000-37,500	5.01%
4	\$75,000-150,000	\$56,250-112,500	\$37,500-75,000	6.84%
5	Over \$150,000	Over \$112,500	Over \$75,000	7.84%

The estimated increase to General Fund revenues would be as follows:

FY 2014-15	\$ 15,411,000
FY 2015-16	\$ 37,816,000
FY 2016-17	\$ 39,808,000
FY 2017-18	\$ 41,884,000

LB 1056 will require a one-time programing charge of \$57,088 paid to the OCIO for mainframe and web development costs.

Major Objects of Expenditure							
Class Code	Classification Title	14-15 <u>FTE</u>	15-16 <u>FTE</u>	16-17 <u>FTE</u>	14-15 Expenditures	15-16 Expenditures	16-17 Expenditures
Benefits							
Operating Costs					\$57,088	\$0	\$0
Capital Outlay							
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					\$57,088	\$0	\$0