PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 20, 2015 402-471-0051

**LB 68** 

Revision: 00

## **FISCAL NOTE**

## **LEGISLATIVE FISCAL ANALYST ESTIMATE**

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 201	5-16	FY 2016-17						
	EXPENDITURES	EXPENDITURES REVENUE EXPENDITURE							
GENERAL FUNDS	\$33,318		\$0						
CASH FUNDS		\$57,036,000		\$60,144,000					
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	\$33,318	\$57,036,000	\$0	\$60,144,000					

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

LB 68 amends the Nebraska Revenue Act of 1967 Section 77-2716 and 77-27,132.

Section 77-2716 dealing with adjustments to federal adjusted gross income, is amended to provide that income shall be modified regarding the gain on real estate using the basis of the real estate in the hands of the decedent and not the stepped-up basis allowed under section 1014 or section 2032A of the IRS code.

Section 77-27,132 is amended to provide that the proceeds of the income tax derived from the above section is credited to the Property Tax Credit Cash Fund.

The Department of Revenue estimates the following impact to the Property Tax Credit Cash Fund as a result of LB 68:

FY2015-16: \$57,036,000 FY2016-17: \$60,144,000 FY2017-18: \$63,168,000 FY2018-19: \$66,297,000

Cost to implement LB include a one-time programming charge of \$33,318 paid to the Office of the CIO to add a line to Form 1040N, Schedule I, as well as to the NebFile system.

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

LB 68 Fiscal Note 2015

		State Agency	Estimate			_
State Agency Name: Departmer	nt of Revenue				Date Due LFA:	1/20/2015
Approved by: Len Sloup		Date Prepared:	1/20/2015		Phone: 471-5896	
	FY 2015	<u>-2016</u>	FY 201	<u>6-2017</u>	FY 20	17-2018
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$33,318	\$0		\$0		\$0
Cash Funds		\$57,036,000		\$60,144,000		\$63,168,000
Federal Funds						
Other Funds						
Total Funds	\$33,318	\$57,036,000		\$60,144,000		\$63,168,000
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LB 68 increases federal adjusted gross income by the gain on the sale of real estate located in this state and acquired from a decedent by using the basis of the real estate in the hands of the decedent rather than the stepped-up basis as allowed under Internal Revenue Code provisions.

The proceeds from the adjustment are deposited in the Property Tax Credit Cash Fund.

The estimated proceeds from the adjustment would be as follows:

	Property Tax Credit
	Cash Fund
FY 2015 - 2016	\$ 57,036,000
FY 2016 - 2017	\$ 60,144,000
FY 2017 - 2018	\$ 63,168,000
FY 2018 - 2019	\$ 66,297,000

LB 68 will require a one-time programming charge of \$33,318 paid to the OCIO to add a line to Form 1040N, Schedule I, as well as to the NebFile online filing system.

Major Objects of Expenditure									
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures		
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Benefits		 	 	 			
Operating Costs		 	 	 	\$33,318	\$0	\$0
Travel		 	 	 			
Capital Outlay		 	 	 			
Aid		 	 	 			
Capital Improveme	nts	 	 	 			
Total		 	 	 	\$33,318	\$0	\$0