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 20	16-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$11,815	(\$151,726,000)	\$0	(\$114,211,000)				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$11,815	(\$151,726,000)	\$0	(\$114,211,000)				

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

LB 20 amends the Nebraska Revenue Act of 1967, Section 77-2716, dealing with reductions and modifications to federal adjusted gross income (AGI) for Nebraska state income tax purposes.

The bill would reduce AGI by the entire amount of Social Security benefits received for the tax year beginning January 1, 2015 and thereafter.

The bill would also modify AGI by excluding income received as military retirement benefits for the tax year beginning January 1, 2015 and thereafter.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 20:

FY2015-16:	(\$ 151,726,000)
FY2016-17:	(\$ 114,211,000)
FY2017-18:	(\$ 121,090,000)
FY2018-19:	(\$ 127,904,000)

The loss of revenue in FY2015-16 is greater than subsequent years because with an exemption beginning on or after January 1, 2015, any estimated payments and withholding relating to these benefits that will have already occurred in 2015, will be refunded in 2016.

The Department of Revenue indicates that LB 20 will require a one-time programming cost of \$11,815 for mainframe programming changes as well as web programming costs for the NebFile system.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 20 AM: AGENCY/POLT. SUB: Dept. of Revenue							
REVIEWED BY: Lyn Heaton			DATE: 2/2/2015 PHONE: 471-4181				
COMMENTS: No basis upon which to disagree with the Department's analysis.							

Fiscal Note 2015

State Agency Estimate								
State Agency Name: Department of RevenueDate Due LFA:2/2/2015								
Approved by: Len Sloup		Date Prepared:	2/2/2015		Phone: 471-5896			
	FY 2015-2016		FY 2016-2017		FY 2017-2018			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$11,815	(\$151,726,000)	\$0	(\$114,211,000)	\$0	(\$121,090,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$11,815	(\$151,726,000)	\$0	(\$114,211,000)	\$0	(\$121,090,000)		

State A man ary Estimate

LB 20 provides a reduction to federal adjusted gross income for all benefits under the federal Social Security Act and military retirement benefits included in federal adjusted gross income for tax years beginning on or after January 1, 2015.

Military retirement benefits are defined as retirement benefits that are periodic payments attributable to service in the uniformed or civilian services of the United States Department of Defense for personal services performed by an individual prior to his or her retirement.

The estimated reduction to the General Fund would be as follows:

FY2015-2016	\$ (151,726,000)
FY2016-2017	\$ (114,211,000)
FY2017-2018	\$ (121,090,000)
FY2018-2019	\$ (127,904,000)

The cost for FY2015-2016 is greater than the cost for FY2016-2017 because with an exemption starting with tax years beginning on or after January 1, 2015, any estimated payments and withholding relating to these benefits that will already have occurred in 2015, will end up being refunded in 2016.

LB 20 will require a one-time programming charge of \$11,815 for mainframe programming change and as well as web programming costs for the NebFile online filing system.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 <u>Expenditures</u>	16-17 <u>Expenditures</u>	17-18 <u>Expenditures</u>	
Benefits								
Operating Costs		\$11,815	\$0	\$0				
Travel								
Capital Outlay								
Aid								
Capital Improvements Total					\$11,815	\$0	\$0	