

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2011-12</b>		<b>FY 2012-13</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$8,700	\$37,556,000	\$0	\$27,541,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$8,700</b>	<b>\$37,556,000</b>	<b>\$0</b>	<b>\$27,541,000</b>

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 632 amends Nebraska Revised Statute Section 77-2716, to require an addback of federal bonus depreciation taken under the Internal Revenue Code of 1986 section (k) (5) and increase income by the amount of any deduction claimed under section 179 of the Internal Revenue Code of 1986.

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

	<u>Individual Income Tax:</u>	<u>Corporate Income Tax:</u>	<u>Total:</u>
FY2011-12:	\$ 27,973,000	\$ 9,583,000	\$ 37,556,000
FY2012-13:	\$ 8,023,000	\$ 19,519,000	\$ 27,541,000
FY2013-14:	\$ 257,000	\$ 10,288,000	\$ 10,546,000
FY2014-15:	\$ 0	\$ 353,000	\$ 353,000

The bill will require line changes to several income tax forms. The Department estimated programming costs to be \$8,700.

The Department of Revenue also indicated that the federal depreciation, or the gain computed when the item is sold using the federal basis, may not be adjusted in future years because of the amount added back. If a company takes the 100% bonus depreciation, there will be no state income tax deductions for that property.

For 2012, the bill will result in no General Fund impact on the 50% bonus depreciation portion because the bill appears to reference an incorrect Internal Revenue Code section.

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