Keisha Patent July 21, 2020 402-471-0059

LB 153

Revision: 03 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised due to adoption of amendments on select file

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2020-21		FY 2021-22			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS				(\$5,431,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS				(\$5,431,000)		

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

LB 153 replaces the current election to exclude a portion of military retirement income from federal adjusted gross income with an exclusion of 50% of all military retirement income. As amended on Select File, this exclusion begins with tax years on or after January 1, 2022.

Revenue:

The Department of Revenue estimates revenue to the General Fund as follows:

FY 2020-21	\$0
FY 2021-22	(\$5,431,000)
FY 2022-23	(\$13,339,000)
FY 2023-24	(\$14,087,000)
FY 2024-25	(\$14,870,000)

Expenditures:

The Department of Revenue estimates the costs to implement the bill will be minimal.

There is no basis to disagree with these estimates.

LB 153 AM 3003

Fiscal Note 2020

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFA:								
Approved by: Tony Fulton	Date Prepared: 7/23/2020 Phone: 471-5896							
	FY 2020-2021		FY 2021-2022		FY 2022-2023			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$ 0	\$ 0	\$ 0	(\$5,431,000)	\$ 0	(\$13,339,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$ 0	\$ 0	\$ 0	(\$5,431,000)	\$ 0	(\$13,339,000)		

As amended by AM 3003, LB 153 amends Neb. Rev. Stat. § 77-2716 (Nebraska Adjustment to federal AGI). It will end the current, elective exclusion for military retirees and replace it with a 50% exclusion for all military retirement benefits, to the extent included in federal AGI, beginning with taxable years beginning on or after January 1, 2022.

Military benefits received before January 1, 2022 that qualify for exclusion as a result of filing an Election to Exclude Military Retirements Benefits, Form 1040N-MIL, will continue to qualify for exclusion through December 31, 2021.

The estimated reduction to General Fund revenue will be as follows:

\$ -
\$ (5,431,000)
\$ (13,339,000)
\$ (14,087,000)
\$ (14,870,000)
\$ \$ \$

There will be changes to the individual income tax instructions on the Individual Income Tax Return, Form 1040N and in the booklet. It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>	21-22 <u>Expenditures</u>
Benefits	Benefits						
Operating Costs							
Travel							
Capital Outlay							
Capital Improvements							
Total							