PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 10, 2022 402-471-0059

LB 1273

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	2-23	FY 2023-24			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$105,660			(\$166,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$105,660			(\$166,000)		

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

LB 1273 provides for a reduction to Federal Adjusted Gross Income (FAGI). Beginning in tax year 2023, any retired individual over the age of 60 years old with at least 20 years of full-time service as a law enforcement officer may reduce their FAGI equal to the amount of health insurance premiums paid in the tax year.

REVENUE:

The Department of Revenue estimates the following impact on the General Fund:

FY22-23 \$0

FY23-24 (\$166,000) FY24-25 (\$176,000)

EXPENDITURES:

The Department of Revenue estimates a one-time charge for programming to OCIO of \$105,660.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE LB: 1273 AM: AGENCY/POLT. SUB: Department of Revenue				
REVIEWED BY: Neil Sullivan		DATE: 2/11/2022	PHONE: (402) 471-4179	

LB 1273 Fiscal Note 2022

State Agency Estimate						
State Agency Name: Department	of Revenue				Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	2/11/2022		Phone: 471-5896	
	FY 2022-	FY 2022-2023		3-2024	FY 2024-2025	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$105,660	\$ 0		(\$166,000)		(\$176,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$105,660	\$ 0		(\$166,000)		(\$176,000)

LB 1273 amends Neb. Rev. Stat. §77-2716 to provide that retired individuals who are at least 60 years old at the end of the tax year and who were employed full-time for at least 20 years as a certified law enforcement officer may reduce his or her federal adjusted gross income (AGI) by the amount of health insurance premiums paid by such individuals during the taxable year, to the extent such premiums were not already deducted in determining federal AGI.

Using data on health care premium expenditures for retirees from the Centers for Medicare & Medicaid Services, and approximating the number of retired police officers as a percentage of Nebraska retired populations, assuming no changes to estimated and withholding payments, the Department of Revenue (DOR) estimates the following reductions to General Fund revenue.

FY 2022-23	\$ 0
FY 2023-24	\$ 166,000
FY 2024-25	\$ 176,000

LB 1273 will require a one-time programming charge of \$105,660 paid to the OCIO for the following: adding a line to the Schedule I, adding a line to NebFile for Individuals, and adding two new schedules.

LB 1273 becomes operative on tax years after January 1, 2023.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
D. C.							
Operating Costs					\$105,660		
Capital Outlay							
					\$105,660		