

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$75,743	\$884,000		(\$1,314,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$75,743	\$884,000		(\$1,314,000)

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

LB 237 seeks to change provisions related to social security benefits and federal adjusted gross income. Beginning in Tax Year 2022, federal adjusted gross income would be reduced by a percentage of the social security benefits received in the federal adjusted gross income. This is separated by filing status and adjusted gross income bracket. The percent is set to increase over a period years, in the following schedule:

Married Filing Jointly

	AGI<\$75,000	\$75,000<=AGI<\$80,000	\$80,000<=AGI<\$85,000	\$85,000<=AGI<\$90,000	\$90,000<=AGI<\$95,000	AGI>=\$95,000
Tax Year 2022	20%	16%	12%	8%	4%	0%
Tax Year 2023	40%	32%	24%	16%	8%	0%
Tax Year 2024	60%	48%	36%	24%	12%	0%
Tax Year 2025	80%	64%	48%	32%	16%	0%
Tax Year 2026	100%	80%	60%	40%	20%	0%

Single, Married Filing Separately, or Head of Household

	AGI<\$60,000	\$60,000<=AGI<\$65,000	\$65,000<=AGI<\$70,000	\$70,000<=AGI<\$75,000	\$75,000<=AGI<\$80,000	AGI>=\$80,000
Tax Year 2022	20%	16%	12%	8%	4%	0%
Tax Year 2023	40%	32%	24%	16%	8%	0%
Tax Year 2024	60%	48%	36%	24%	12%	0%
Tax Year 2025	80%	64%	48%	32%	16%	0%
Tax Year 2026	100%	80%	60%	40%	20%	0%

LB 237 requires the income brackets to be adjusted for inflation in the same capacity as the individual income tax brackets, beginning January 1, 2023.

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

- FY21-22: \$884,000
- FY22-23: (\$1,314,000)
- FY23-24: (\$9,754,000)
- FY24-25: (\$18,677,000)
- FY25-26: (\$28,097,000)
- FY26-27: (\$34,433,000)
- FY27-28: (\$36,082,000)

There is no basis to disagree with these estimates.

The Department estimates a one-time OCIO programming charge of \$75,743 to implement LB 64. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 237	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 02/23/2021	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue's assessment of impact to General Fund revenue by exempting social security payments from Nebraska income tax implemented over a 5 year period.			

Beginning on or after January 1, 2023, the income brackets amounts will be adjusted for inflation by the same percentage used to adjust the individual income tax brackets.

The estimated fiscal impact to General Fund revenues would be as follows:

FY 2021-22	\$	884,000
FY 2022-23	\$	(1,314,000)
FY 2023-24	\$	(9,754,000)
FY 2024-25	\$	(18,677,000)
FY 2025-26	\$	(28,097,000)
FY 2026-27	\$	(34,433,000)
FY 2027-28	\$	(36,082,000)

LB 237 will require a one-time programming charge of \$75,743 paid to the OCIO for mainframe and web development changes.