PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 23, 2023 402-471-0051

LB 206

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2023-24		FY 2024-25				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$29,600		\$25,800				
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$29,600		\$25,800				

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

LB 206 allows a partnership to elect to file an amended Nebraska income tax return as if the partnership were an individual. The tax would be at the top individual tax rate.

Partners are not required to file amended Nebraska income tax returns when the election is made and the taxes paid by the partnership. Partners are also not required to pay Nebraska income tax, penalties, or interest arising as a result of the amended return and the basis, and other tax items in the hands of the partners, will be determined as if the election had not been made and in a similar manner as set forth for federal income tax purposes.

LB 206 carries an emergency clause.

The Department of Revenue (DOR) estimates LB 206 will have minimal impact on General Fund revenues. In addition, the DOR estimates that LB 206 will require an additional 0.5 FTE of Revenue Operations Clerk II to process the amended returns as a result of passing this bill. There is no basis to disagree with these estimates.

LB: 206	AM:	AGENCY/POLT. SUB: Department of Revenue			
REVIEWED B	Y: Neil Sullivan	DATE: 1/23/2023	PHONE: (402) 471-4179		

LB 0206 Fiscal Note 2023

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFO:		
Approved by: Glen White	Date Prepared:		1/20/2023		Phone: 471-5896	Phone: 471-5896	
	FY 2023-	FY 2023-2024		-2025	FY 2025-2026		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$29,600		\$25,800		\$26,500		
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$29,600		\$25,800		\$26,500		

LB 206 allows a partnership to elect to pay income tax on partnership-related adjustments. The tax is imposed at the highest individual income tax rates for the year of the adjustments and reported by filing an amended Nebraska partnership return. The election is limited to changes in partnership-related adjustments made by:

- IRS or other competent authority
- Another state.
- The filing of an amended return with the IRS or another state.
- An administrative adjustment request filed with the IRS.

The partners are not required to file an amended return to report their distributive share of the partnership-related adjustments. In addition, the partners are not required to pay Nebraska income tax, penalties, or interest as a result of the amended return filed under the election and the basis, and other tax items in the hands of the partners, will be determined as if the election had not been made and in a similar manner as set forth for federal income tax purposes.

The election does not apply to adjustments that are not "partnership-related". A partnership and its partners must file an amended return to report these adjustments and pay any related Nebraska tax.

LB 206 carries an emergency clause.

The Department of Revenue (DOR) estimates LB 206 will have minimal impact on General Fund revenues.

LB 206 will require an additional 0.5 FTE of Revenue Operations Clerk II to process the amended returns.

Major Objects of Expenditure							
Class Code R29112	Classification Title Revenue Operations Clerk II	23-24 <u>FTE</u> 0.5	24-25 <u>FTE</u> 0.5	25-26 <u>FTE</u> 0.5	23-24 <u>Expenditures</u> \$18.500	24-25 <u>Expenditures</u> \$19,400	25-26 Expenditures \$19,900
K29112	Revenue Operations Clerk II	0.3	0.3	0.5	\$10,500	\$19,400	\$19,900
Benefits					\$6,100	\$6,400	\$6,600
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Capital Outlay					\$5,000		
	nents				\$29,600	\$25,800	\$26,500