

Doug Gibbs February 09, 2011 471-0051

LB 483

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES * FY 2011-12 FY 2012-13 **EXPENDITURES** REVENUE **EXPENDITURES** REVENUE **GENERAL FUNDS** See Below See Below CASH FUNDS FEDERAL FUNDS OTHER FUNDS TOTAL FUNDS See Below See Below

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

LB 483 amends Nebraska Revised Statutes Section 77-2734.07, regarding net operating losses for income tax purposes.

The bill would increase the carryforward period for net operating losses from the current five years to ten years, beginning in tax year 2010.

The Department of Revenue indicates the impact of LB 483 on corporate income tax receipts will not begin until FY2015-16. Based on a sample of corporate net operating losses, the General Fund revenue impact of this bill, when fully effective, is expected to be a reduction in revenue of \$38 million to \$40 million annually.

Costs to administer the bill are estimated to be minimal.

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

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/10/11	PHONE 471-2526
COMMENTS	Q		
DEPARTMENT OF REVENUE:	The agency analysis appears reas	sonable.	

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Fiscal Note 2011

State Agency Name: Department of	of Revenue			38)	Date Due LFA:	1/25/2011	
Approved by: Douglas Ewald		Date Prepared:	1/31/2011		Phone: 471-5700		
	FY 2011-2012		FY 2012-2013		FY 2013-2014		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$0		\$0		\$0	
Cash Funds		<u> </u>					
Federal Funds							
Other Funds							
Total Funds		\$0		\$0		\$0	

LB 483 increases the carryforward period for net operating losses (NOLs) from five years to 10 years, beginning in tax year 2010. Currently a corporation may use 2010 NOLs through tax year 2015. Under the bill, corporations may continue to use tax year 2010 NOLs against income in tax years 2016 through 2020. Therefore, the impact on corporate income tax receipts will not begin until FY 2015-16.

Based on a sample of corporate NOLs, the General Fund revenue impact of LB 483, when fully effective, is expected to be \$38 to \$40 million, annually.

Costs to the Department to administer LB 483 will be minimal.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	11-12 <u>FTE</u>	12-13 <u>FTE</u>	13-14 <u>FTE</u>	11-12 Expenditures	12-13 Expenditures	13-14 Expenditures
Benefits			, 				
Operating Costs						·	
Capital Outlay			••••••	•••••			
Capital Improvements		•••••••		•••••			