

Doug Gibbs March 09, 2011 4020471-0051

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *									
	FY 2011-12 FY 2012-13								
	EXPENDITURES	REVENUE							
GENERAL FUNDS	\$53,100	(\$5,673,000)		(\$5,979,000)					
CASH FUNDS									
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	\$53,100	(\$5,673,000)		(\$5,979,000)					

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

LB 695 amends Nebraska Revised Statutes Section 77-2701.0, dealing with the income tax, to reduce the primary rate from the current 3.70 percent to 3.69 percent. The change is effective for tax years beginning on or after January 1, 2011. The change in rate applies to individual and corporate income tax and financial institutions taxes.

The change in the primary rate affects the individual and corporate tax bracket rates as follows:

	Individual Ind	come Tax	Cor	porate Income Tax	(
Bracket	Current	<u>LB 695</u>	Bracket	Current	LB 695
#1	2.56	2.56	#1	5.58	5.56
#2	3.57	3.56	#2	7.81	7.79
#3	5.12	5.11			
#4	6.84	6.82			

Financial institutions tax limitation rate is reduced from 3.81% to 3.80%, and the tax rate of 0.47 cents per \$1,000 of average deposit remains unchanged.

The Department of Revenue estimates the fiscal impact of LB 695 as follows:

Fiscal Year:	Individual Income Tax:	Corporate Income & Financial Institutions Tax:	Total Revenue Gain/Loss:
FY2010-11:			
FY2011-12;	(\$ 5,132,000)	(\$ 541,000)	(\$ 5,673,000)
FY2012-13:	(\$ 5,411,000)	(\$ 568,000)	(\$ 5,979,000)
FY2013-14:	(\$ 5,681,000)	(\$ 607,000)	(\$ 6,288,000)
FY2014-15:	(\$ 5,965,000)	(\$ 650,000)	(\$ 6,615,000)

The Department of Revenue estimates a one-time mainframe computer programming cost of \$53,100 to implement and administer LB

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

DEPARTMENT OF ADMINISTRATIVE SERVICES

	REVIEWED BY	Lyn Heaton		DATE 3/15/11	PHONE 471-2526
COMM	MENTS				
DEPA	RTMENT OF REVENUE: No ba	sis upon which to disag	ree with th	ie department's analysis.	

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LB 695

Fiscal Note

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រាគណៈ	HALLY CONSTRUCT	State Agenc	y Estimate			
State Agency Name: Department	of Revenue	-			Date Due LFA:	1/26/2011
Approved by: Douglas Ewald		Date Prepared	1: 2/2/2011		Phone: 471-5700	
	FY 2011	<u>-2012</u>	FY 201	2-2013	FY 20	13-2014
	Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$53,100	(\$5,673,000)		(\$5,979,000)		(\$6,288,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$53,100	(\$5,673,000)		(\$5,979,000)		(\$6,288,000)

LB 695 reduces the primary rate for income tax from 3.70 to 3.69 for tax years beginning 2011. Changing this rate impacts individual and corporate income tax and also financial institutions taxes.

The tax rates for the individual and corporate income tax are presented in the table below. The financial institutions tax limitation rate is reduced from 3.81% to 3.80%, and the tax rate of 0.47 cents per \$1,000 of average deposit remains unchanged at 0.47.

Tax Rates by Tax Bracket								
Indiv	idual Incor	ne Tax	Corp	orate Incon	ne Tax			
Bracket	Current	LB 695	Bracket	Current	LB 695			
#1	2.56	2.56	#1	5.58	5.56			
#2	3.57	3.56	#2	7.81	7.79			
#3	5.12	5.11						
#4	6.84	6.82						

The revenue impact of LB 695 is expected to be:

Fiscal Year	Individual	orporate Income & Financial Institution Tax	Tot	tal Rev Gain/Loss
FY2010-11	\$ <u></u>	 	\$	-
FY2011-12	\$ (5,132,000)	\$ (541,000)	\$	(5,673,000)
FY2012-13	\$ (5,411,000)	\$ (568,000)	\$	(5,979,000)
FY2013-14	\$ (5,681,000)	\$ (607,000)	\$	(6,288,000)
FY2014-15	\$ (5,965,000)	\$ (650,000)	\$	(6,615,000)

The Department expects one-time mainframe computer programming costs of \$53,100 to implement and administer LB 695.

	Maj	or Objects of I	Expendit				
Class Code	Classification Title	11-12 <u>FTE</u>	12-13 FTE	13-14 FTE	11-12 Expenditures	12-13 Expenditures	13-14 Expenditures
Benefits.							
Operating Costs					\$53,100		
Capital Outlay							
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Capital Improvements							
					\$53,100		