PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 14, 2013 402-471-0051

LB 328

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	3-14	FY 2014-15			
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE		
GENERAL FUNDS	\$4,381	(\$5,795,000)		(\$22,205,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$4,381	(\$5,795,000)		(\$22,205,000)		

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

LB 328 amends the Nebraska Revenue Act of 1967, Section 77-2734.02 regarding corporate income tax.

The bill provides that for taxable years beginning on or after January 1, 2014 the corporate income tax rate shall be determined by using the same rates and brackets as are used for single individual filers. The pertinent individual rates and brackets are as follows:

Bracket Number:	<u>Bracket:</u>	<u>Tax Rate:</u>		
1	\$0 – 2,999	2.46%		
2	\$3,000 - 17,999	3.51%		
3	\$18,000 – 28,999	5.01%		
4	\$29,000 and over	6.84%		

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

FY2013-14: (\$ 5,795,000) FY2014-15: (\$22,205,000) FY2015-16: (\$31,206,000) FY2016-17: (\$33,262,000)

The bill will require a one-time programming charge of \$4,381 paid to the Office of the CIO to change tax rates and brackets.

We have no basis to disagree with the Department's estimate of fiscal impact and cost.

LB 328 Fiscal Note 2013

State Agency Estimate						
State Agency Name: Department of	of Revenue				Date Due LFA:	02/15/2013
Approved by: Douglas Ewald		Date Prepared:	02/13/2013		Phone: 471-5896	
	FY 2013	-2014	FY 2014-2015		FY 2015-2016	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$4,381	(\$5,795,000)		(\$22,205,000)		(\$31,206,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$4,381	(\$5,795,000)		(\$22,205,000)		(\$31,206,000)

LB 328 replaces the current rates and brackets for the corporation income tax with the same rates and brackets for single individuals for tax years beginning on or after January 1, 2014.

Bracket	Taxable Income	Rate
1	\$0 - 2,999	2.46%
2	\$3,000-17,999	3.51%
3	\$18,000 - 28,999	5.01%
4	\$29,000 and Over	6.84%

The estimated total reduction to the General Fund would be as follows:

FY 2013-2014	\$ 5,795,000
FY 2014-2015	\$ 22,205,000
FY 2015-2016	\$ 31,206,000
FY 2016-2017	\$ 33,263,000

LB 328 will require a one-time programming charge of \$4,381 paid to the OCIO to change tax rates and brackets.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
Benefits							
					\$4,381	\$0	\$0
Capital Outlay							
					\$4,381	\$0	\$0