Doug Gibbs February 14, 2013 402-471-0051

LB 457

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2013-14		FY 2014-15				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							

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

LB 457 amends the Nebraska Revenue Act of 1967, Section 77-2734.07 regarding adjustments to federal taxable income for Nebraska state income tax purposes.

For taxable years beginning on or after January 1, 2014, the bill would allow a net operating loss (NOL) to be deducted for each of the twenty taxable years following the year of loss.

Current statute allows both a net operating loss and a capital loss to be deducted for five taxable years following the year of loss. The capital loss deduction is not changed by LB 457.

The Department of Revenue indicates that under current statute a corporation may carry forward a net operating loss through tax year 2019. Therefore, the impact on corporate income tax receipts will not begin until FY2020-21. Based on a sample of corporate NOLs, the General Fund revenue impact of the bill, when fully effective, would be a reduction of approximately \$8 million annually.

The Department estimates the cost to implement LB 457 would be minimal.

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

State Agency Estimate								
State Agency Name: Department of	Revenue				Date Due LFA:			
Approved by: Douglas Ewald		Date Prepared:	01/29/2013		Phone: 471-5896			
	FY 2013-2014		FY 2014-2015		FY 2015-2016			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$0		\$0		\$0		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$0		\$0		\$0		

LB 457 increases the carry forward period for net operating losses (NOLs) from five years to 20 years, beginning in tax year 2014. Currently a corporation may use 2014 NOLs through tax year 2019. Under the bill, corporations may continue to use tax year 2014 NOLs against income in tax years 2020 through 2034. Therefore, the impact on corporate income tax receipts will not begin until FY 2020-2021.

Based on a sample of corporate NOLs, the General Fund revenue impact of LB 457, when fully effective, is expected to be \$8 million, annually.

Costs to the Department to administer LB 457 will be minimal.

Major Objects of Expenditure									
<u>Class Code</u>	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 <u>Expenditures</u>	14-15 <u>Expenditures</u>	15-16 <u>Expenditures</u>		
Benefits									
Operating Costs	Operating Costs								
Travel									
Capital Outlay									
Aid									
Capital Improvements									