PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 07, 2013 402-471-0051

**LB 573** 

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		(\$ 605,000)		(\$ 874,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$ 605,000)		(\$ 874,000)		

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

LB 573 amends the Nebraska Revenue Act of 1967, Section 77-2715.08 regarding capital gains.

The bill amends the definition section to provide that individual participants in an employee stock ownership plan (ESOP) under the Internal Revenue Code, section 401(a) are each considered to be separate shareholders for purposes of meeting the five shareholder requirement.

The bill provides that this would become operative for taxable years beginning or deemed to begin January 1, 2014.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 573:

FY2013-14: (\$ 605,000) FY2014-15: (\$ 874,000) FY2015-16: (\$ 961,000) FY2016-17: (\$1,057,000)

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

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFA:	02/06/2013	
Approved by: Douglas Ewald		Date Prepared:	02/04/2013		Phone: 471-5896		
FY 2013-2014		<u>-2014</u>	FY 2014-2015		FY 2015-2016		
	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	
General Funds		(\$605,000)		(\$874,000)		(\$961,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$605,000)		(\$874,000)		(\$961,000)	
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LB 573 would amend Neb. Rev. Stat. § 77-2715.08, which provides definitions applicable to the income tax exclusion for capital gains recognized or extraordinary dividends earned with regard to capital stock acquired as a result of or during employment. LB 573 would provide that individual participants in an employee stock ownership plan (ESOP) under IRC § 401(a) would each be considered separate shareholders for purposes of meeting the five shareholder requirement.

The bill would be operative for taxable years beginning or deemed to begin on or after January 1, 2014.

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

FY 2013-2014	\$ 605,000
FY 2014-2015	\$ 874,000
FY 2015-2016	\$ 961,000
FY 2016-2017	\$ 1,057,000

There is no cost to the Department to implement the bill.

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
Operating Costs.							
Travel							
Capital Outlay							
A 1 1							
Capital Improvements.							
Total							