PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 24, 2014 402-471-0051

LB 708

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	4-15	FY 2015-16				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$11,225	(\$33,739,000)		(\$82,791,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$11,225	(\$33,739,000)		(\$82,791,000)			

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

LB 708 amends the Nebraska Revenue Act of 1967, Section 77-2716 to make adjustments to income subject to Nebraska state income tax

The bill, for tax year beginning January 1, 2015 and tax years thereafter, would reduce federal adjusted gross income (AGI) by the amount received as Social Security benefits which are included in AGI.

This adjustment would only apply to those taxpayers with a federal AGI of \$250,000 or less (married, filing jointly) and \$125,000 or less (all other returns).

The Department of Revenue estimates the following fiscal impact as a result of LB 17:

FY2014-15: (\$ 33,739,000) FY2015-16: (\$ 82,791,000) FY2016-17: (\$ 87,152,000)

The Department also indicates a one-time programming cost of \$11,225 paid to the office of the CIO to add a line to the Form 1040N, Nebraska Schedule I, as well as to the NebFile online system.

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

State Agency Estimate								
State Agency Name: Department	of Revenue				Date Due LFA:	1/15/2014		
Approved by: Kim Conroy		Date Prepared:	1/13/2014		Phone: 471-5896			
	FY 2014-2015		FY 2015-2016		FY 2016-2017			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$11,225	(\$33,739,000)	\$0	(\$82,791,000)	\$0	(\$87,152,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$11,225	(\$33,739,000)	\$0	(\$82,791,000)	\$0	(\$87,152,000)		

LB 708 would amend Neb. Rev. Stat. § 77-2716 to exclude Social Security benefits from Nebraska income subject to tax to the extend it is included in the federal adjusted gross income. The exclusion is disallowed if federal adjusted gross income exceeds \$250,000 for married, filing jointly and \$125,000 for all other returns.

The exclusion would be available for all taxable years beginning or deemed to begin on or after January 1, 2015.

The estimated reduction to General Fund revenues would be as follows:

FY 2014-2015 \$ 33,739,000 FY 2015-2016 \$ 82,791,000 FY 2016-2017 \$ 87,152,000

LB 708 will require a one-time programming charge of \$11,225 paid to the OCIO to add a line to the Form 1040N, Nebraska Schedule I, as well as to the NebFile online filing system.

Major Objects of Expenditure							
Class Code	Classification Title	14-15 <u>FTE</u>	15-16 <u>FTE</u>	16-17 <u>FTE</u>	14-15 Expenditures	15-16 Expenditures	16-17 Expenditures
D. C.							
Benefits Operating Costs					\$11,225	\$0	\$0
Aid							
	its				\$11,225	\$0	\$0