PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 02, 2015 402-471-0051

LB 228

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	15-16	FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$1,359,000)		(\$10,353,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$1,359,000)		(\$10,353,000)			

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

LB 228 amends the Nebraska Revenue Act of 1967, Section 77-2734.02, regarding the corporate income tax.

For the taxable year beginning January 1, 2016 and thereafter, LB 228 would change the corporate income tax rate from 5.58% to 5.01% for the first \$100,000 of taxable income, and go from 7.81% to 6.84% on all taxable income in excess of \$100,000.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 228:

FY2015-16 (\$ 1,359,000) FY2016-17: (\$ 10,353,000) FY2017-18: (\$ 30,870,000) FY2018-19: (\$ 40,647,000) FY2019-20: (\$ 40,560,000)

The Department of Revenue indicates the cost to implement the provisions of LB 228 to be minimal.

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

State Agency Estimate							
State Agency Name: Departmen	nt of Revenue				Date Due LFA:	2/3/2015	
Approved by: Len Sloup		Date Prepared:	2/3/2015		Phone: 471-5896		
	FY 2015	FY 2015-2016		FY 2016-2017		FY 2017-2018	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$1,359,000)		(\$10,353,000)		(\$30,870,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$1,359,000)		(\$10,353,000)		(\$30,870,000)	

LB 228 reduces corporate income tax rates from 5.8% to 5.01% on taxable income of \$100,000 or less and from 7.81% to 6.84% on taxable income above \$100,000 for taxable years beginning or deemed to begin on or after January 1, 2016.

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

FY2015-2016	\$ 1,359,000
FY2016-2017	\$ 10,353,000
FY2017-2018	\$ 30,870,000
FY2018-2019	\$ 40,647,000
FY2019-2020	\$ 40.560.000

The Department's costs to implement LB 228 are expected to be minimal.

Major Objects of Expenditure								
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 <u>Expenditures</u>	17-18 Expenditures	
Benefits								
Operating Costs						\$0	\$0	
Travel								
Aid								
Total		•••••	· · · · · · · · · · · · · · · · · · ·	•••••		\$0	\$0	