

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0	(\$13,855,000)	\$0	(\$15,609,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	(\$13,855,000)	\$0	(\$15,609,000)

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

LB 614 amends the Nebraska Revenue Act of 1967, Section 77-2716, regarding modifications and exclusions to federal adjusted gross income (AGI) for Nebraska state income tax purposes.

The bill provides that beginning taxable year January 1, 2015, AGI shall exclude a portion of income received as military retirement benefits for each person included in the tax return who receives such benefits to the extent it is included in federal AGI, as follows:

- For tax year 2015, income to be excluded shall not exceed \$11,000 (\$22,000 married filing jointly)
- For tax year 2016, income to be excluded shall not exceed \$22,000 (\$44,000 married filing jointly)
- For tax year 2017, income to be excluded shall not exceed \$33,000 (\$66,000 married filing jointly)

Military retirement benefits are defined as periodic payments attributable to service in the uniformed services of the U.S. for personal services performed by the individual prior to their retirement date.

The bill strikes current language that provides for a partial exclusion of military retirement benefits based on a one time election by the taxpayer.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 614:

FY2015-16:	(\$ 13,855,000)
FY2016-17:	(\$ 15,609,000)
FY2017-18:	(\$ 18,291,000)
FY2018-19:	(\$ 19,326,000)

The Department of Revenue indicates the cost to implement LB 614 will be minimal.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 614	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 2/2/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department's analysis.			

