PREPARED BY: DATE PREPARED: PHONE:

Keisha Patent February 04, 2019 402-471-0059

LB 263

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	9-20	FY 2020-21			
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE			
GENERAL FUNDS		(\$68,000)		(\$84,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$68,000)		(\$84,000)		

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

LB 263 amends the current election to exclude a portion of military retirement income from federal adjusted gross income. The bill provides that beginning after the operative date of the act, an individual can elect to exclude:

- 40% of the military retirement income for 7 consecutive taxable years beginning with the election year or the year in which the individual begins receiving benefits, whichever is later; or
- 15% of the military retirement income for all taxable years beginning with the year he or she turns 67.

Revenue:

The Department of Revenue estimates revenue to the General Fund as follows:

FY 19-20 (\$68,000) FY 20-21 (\$84,000) FY 21-22 (\$98,000) FY 22-23 (\$110,000)

Expenditures:

The Department of Revenue estimates the costs to implement the bill will be minimal.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 263	LB: 263 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue (016)					
REVIEWED BY: Joe Wilcox		DATE: 02/04/2019	PHONE: (402) 471-4178			
COMMENTS: No basis to dispute the Nebraska Department of Revenue estimate of potential General Fund Revenue impact to the State from LB 263. The Fiscal Impact to the Department of Revenue itself is estimated by the Agency to be "Minimal."						

State Agency Estimate						
State Agency Name: Department o	f Revenue				Date Due LFA:	2/4/19
Approved by: Tony Fulton		Date Prepared:	2/1/19		Phone: 471-5896	
	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		(\$68,000)		(\$84,000)		(\$98,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		(\$68,000)		(\$84,000)		(\$98,000)

LB 263 changes the timing of the military retirement benefit exclusion for persons who elect to exclude forty percent of their military retirement benefit income for seven years. The act allows individuals making this election after the operative date of the act to begin excluding the income in the year in which the election is made or the year in which the individual begins receiving military retirement benefits, whichever is later.

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

Fiscal Year	Reduction in General Fund revenues			
FY18-19	\$	-		
FY19-20	\$	68,000		
FY20-21	\$	84,000		
FY21-22	\$	98,000		
FY22-23	\$	110,000		

The estimates assume that taxpayer will not make adjustment to withholding and the reduction in income tax would be in the form of higher refund or lower Nebraska tax liability.

It is estimated that there will be minimal costs to the Department to implement LB 263.

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
D (1)							
Operating Costs	Benefits						
Capital Outlay							
Capital Improvements				•••••			