PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 31, 2024 402-471-0051

LB 1394

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	24-25	FY 2025-26			
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE			
GENERAL FUNDS	\$65,087	(\$969,000)		(\$2,231,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$65,087	(\$969,000)		(\$2,231,000)		

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

LB 1394 would make changes so that for taxable years beginning on or after January 1, 2025 an individual who is a member of the National Guard could exclude 100% of the income received from the following sources to the extent such income is included in the individual's federal adjusted gross income:

- Serving in a 32 U.S.C. duty status such as members attending drills, annual training, and military schools and members who are serving in a 32 U.S.C. active guard reserve or active duty for operational support duty status;
- Employment as a 32 U.S.C. federal dual-status technician with the Nebraska National Guard; or
- Serving in a state active duty status.

The Department of Revenue (DOR) estimates the following decrease in General Fund revenues as a result of this bill:

- FY 24-25: (\$969,000)
- FY 25-26: (\$2,231,000)
- FY 26-27: (\$2,016,000)
- FY 27-28: (\$1,921,000)
- FY 28-29: (\$1,979,000)
- FY 29-30: (\$2,039,000)

The DOR estimates a need for a one-time programming charge of \$65,087 for mainframe and web development costs to add a line to the 1040N Schedule I.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1394	LB: 1394 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED E	BY: Neil Sullivan	DATE: 1/31/2024	PHONE: (402) 471-4179			
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1394 appears reasonable.						

LB 1394 Fiscal Note 2024

State Agency Estimate							
State Agency Name: Department o	f Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared:	01/30/2024		Phone: 471-5896		
	FY 2024-2025		FY 2025-2026		FY 2026-2027		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$65,087	\$(969,000)		\$(2,231,000)		\$(2,016,000)	
Cash Funds							
Federal Funds	-						
Other Funds							
Total Funds	\$65,087	\$(969,000)		\$(2,231,000)		\$(2,016,000)	

LB 1394 allows an individual who is a member of the Nebraska National Guard to reduce federal adjusted gross income (AGI) for tax years beginning on or after January 1, 2025, by amounts received for:

- Serving in a 32 U.S.C. duty status such as members attending drills, annual training, and military schools, and members who are serving in a 32 U.S.C. active guard reserve or active duty for operational support duty status;
- Employment as a 32 U.S.C. federal dual-status technician with the Nebraska National Guard; or
- Serving in a state active-duty status;

The estimated fiscal impact to the General Fund revenues would be as follows:

Fiscal Year	General Fund Revenues			
FY2024-25	\$ (969,000)			
FY2025-26	\$ (2,231,000)			
FY2026-27	\$ (2,016,000)			
FY2027-28	\$ (1,921,000)			
FY2028-29	\$ (1,979,000)			
FY2029-30	\$ (2,039,000)			

LB 1394 will require a one-time programing charge of \$65,087 for mainframe and web development cost to add a line to the 1040N Schedule I.

Major Objects of Expenditure							
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures
Benefits							
Operating Costs					\$65,087		
Travel							
					\$65,087		