PREPARED BY: DATE PREPARED: PHONE: Keisha Patent January 16, 2020 402-471-0059

**LB 153** 

Revision: 02

## FISCAL NOTE

Revised due to adoption of amendments on General File

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2020-21		FY 2021-22				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$5,142,000)		(\$12,629,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$5,142,000)		(\$12,629,000)			

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

LB 153 replaces the current election to exclude a portion of military retirement income from federal adjusted gross income with an exclusion of 50% of all military retirement income. As amended on General File, this exclusion begins with tax years on or after January 1, 2021.

## Revenue:

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

FY 20-21 (\$5,142,000) FY 21-22 (\$12,629,000) FY 22-23 (\$13,339,000) FY 23-24 (\$14,087,000)

## **Expenditures:**

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

There is no basis to disagree with these estimates.

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:		
Approved by: Tony Fulton		Date Prepared: 01/15/2020			Phone: 471-5896		
	FY 2019-	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$ 0	\$ 0	\$ 0	(\$5,142,000)	\$0	(\$12,629,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$ 0	\$ 0	\$ 0	(\$5,142,000)	\$ 0	(\$12,629,000)	

As amended by AM 2064, LB 153 amends Neb. Rev. Stat. § 77-2716 (Nebraska Adjustment to federal AGI). It will end the current, elective exclusion for military retirees and replace it with a 50% exclusion for all military retirement benefits, to the extent included in federal AGI, beginning with taxable years beginning on or after January 1, 2021.

Military benefits received before January 1, 2021 that qualify for exclusion as a result of filing an Election to Exclude Military Retirements Benefits, Form 1040N-MIL, will continue to qualify for exclusion through December 31, 2019.

The estimated reduction to General Fund revenue will be as follows:

FY 2019-20	\$ -
FY 2020-21	\$ (5,142)
FY 2021-22	\$ (12,629)
FY 2022-23	\$ (13,339)
FY 2023-24	\$ (14,087)

There will be changes to the individual income tax instructions on the Individual Income Tax Return, Form 1040N and in the booklet. It is estimated that there will be minimal costs to the Department to implement this bill.

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
Benefits	Benefits.						
Operating Costs	Operating Costs.						
Travel	Travel						
Capital Outlay							
Capital Improvements.							
Total							