

Revised to include AM 291

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		(\$7,976,000)		(\$19,576,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		(\$7,976,000)		(\$19,576,000)

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

LB 387 seeks to change the percent of military retirement benefit that can be excluded by a recipient from their federal adjusted gross income. The current percent allowed 50%, and LB 387 would permit those receiving military retirement benefits to exclude 100%. The changes made in LB 387 would go into effect January 1, 2022.

LB 387 was amended by AM 291, which contains provisions of LB 6 and specifies the form an individual must submit in order to claim the exemption. This required form is the form 1099 from either the Department of Defense or the Office of Personnel Management.

LB 387 will create a General Fund revenue loss due to a decrease in the income tax base for Nebraska.

Department of Revenue (DOR) expects the following impact to General Fund revenue:

- FY22: (\$7,976,000)
- FY23: (\$19,576,000)
- FY24: (\$20,638,000)
- FY25: (\$21,758,000)

DOR also expects no significant costs to implement LB 387. There is no basis to disagree with these estimates.

