

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$31,889,000)		(\$51,781,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$31,889,000)		(\$51,781,000)

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

LB 64 seeks to change provisions related to social security benefits and federal adjusted gross income. Beginning January 1, 2021, federal adjusted gross income would be reduced by a percentage of the social security benefits received in the federal adjusted gross income. The percent is set to increase over a period years, in the following schedule:

- Jan 1, 2021 to Jan 1, 2022: 20%
- Jan 1, 2022 to Jan 1, 2023: 40%
- Jan 1, 2023 to Jan 1, 2024: 60%
- Jan 1, 2024 to Jan 1, 2025: 80%
- Jan 1, 2025 and after: 100%

The Department of Revenue estimates the following impact to General Fund revenues:

- FY21-22: (\$31,889,000)
- FY22-23: (\$51,781,000)
- FY23-24: (\$79,994,000)
- FY24-25: (\$110,201,000)
- FY25-26: (\$131,390,000)
- FY26-27: (\$138,491,000)

There is no basis to disagree with these estimates.

The Department does not expect any additional costs to implement LB 64. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 64	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 02/23/2021	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue's assessment of reduced revenue to the General Fund with the exemption of social security retirement benefits that are included in the federal adjusted gross income (AGI) by the percentages provided for in the bill.			

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: Tony Fulton

Date Prepared: 2/22/2021

Phone: 471-5896

	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	Minimal	\$ (31,889,000)		\$ (51,781,000)		\$ (79,994,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	Minimal	\$ (31,889,000)		\$ (51,781,000)		\$ (79,994,000)

LB 64 amends section §77-2716 to change the provisions related to the taxation of benefits received by taxpayers under the federal Social Security Act that are included in the federal adjusted gross income (AGI) of the taxpayer.

Federal AGI would be reduced by a percentage of social security benefits as follows:

- 20% for taxable years beginning on or after 01/01/2021 but before 01/01/2022;
- 40% for taxable years beginning on or after 01/01/2022 but before 01/01/2023;
- 60% for taxable years beginning on or after 01/01/2023 but before 01/01/2024;
- 80% for taxable years beginning on or after 01/01/2024 but before 01/01/2025;
- 100% for taxable years beginning on or after 01/01/2025.

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

FY 2021-22	\$ (31,889,000)
FY 2022-23	\$ (51,781,000)
FY 2023-24	\$ (79,994,000)
FY 2024-25	\$ (110,201,000)
FY 2025-26	\$ (131,390,000)
FY 2026-27	\$ (138,491,000)

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>21-22 FTE</u>	<u>22-23 FTE</u>	<u>23-24 FTE</u>	<u>21-22 Expenditures</u>	<u>22-23 Expenditures</u>	<u>23-24 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							