

med

PREPARED BY: Doug Gibbs  
DATE PREPARED: March 09, 2011  
PHONE: 4020471-0051

LB 695

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$53,100	(\$5,673,000)		(\$5,979,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$53,100	(\$5,673,000)		(\$5,979,000)

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 695 amends Nebraska Revised Statutes Section 77-2701.0, dealing with the income tax, to reduce the primary rate from the current 3.70 percent to 3.69 percent. The change is effective for tax years beginning on or after January 1, 2011. The change in rate applies to individual and corporate income tax and financial institutions taxes.

The change in the primary rate affects the individual and corporate tax bracket rates as follows:

Bracket	Individual Income Tax		Bracket	Corporate Income Tax	
	Current	LB 695		Current	LB 695
#1	2.56	2.56	#1	5.58	5.56
#2	3.57	3.56	#2	7.81	7.79
#3	5.12	5.11			
#4	6.84	6.82			

Financial institutions tax limitation rate is reduced from 3.81% to 3.80%, and the tax rate of 0.47 cents per \$1,000 of average deposit remains unchanged.

The Department of Revenue estimates the fiscal impact of LB 695 as follows:

Fiscal Year:	Individual Income Tax:	Corporate Income & Financial Institutions Tax:	Total Revenue Gain/Loss:
FY2010-11:			
FY2011-12:	(\$ 5,132,000)	(\$ 541,000)	(\$ 5,673,000)
FY2012-13:	(\$ 5,411,000)	(\$ 568,000)	(\$ 5,979,000)
FY2013-14:	(\$ 5,681,000)	(\$ 607,000)	(\$ 6,288,000)
FY2014-15:	(\$ 5,965,000)	(\$ 650,000)	(\$ 6,615,000)

The Department of Revenue estimates a one-time mainframe computer programming cost of \$53,100 to implement and administer LB 695.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	3/15/11	PHONE	471-2526
COMMENTS					
DEPARTMENT OF REVENUE: No basis upon which to disagree with the department's analysis.					

