

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$50,614	\$67,698,000	\$0	\$142,061,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$50,614</b>	<b>\$67,698,000</b>	<b>\$0</b>	<b>\$142,061,000</b>

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

LB 523 amends the Nebraska Revenue Act of 1967 to change tax rates for both individual and corporate income tax.

Section 77-2715.03 is amended to change the individual income tax rates for tax years beginning January 1, 2016 and after as follows: (bracket income levels remain unchanged)

<u>Bracket #:</u>	<u>Current Tax Rate:</u>	<u>LB 523 Tax Rate:</u>
1	2.46%	2.56%
2	3.51%	3.65%
3	5.01%	5.21%
4	6.84%	7.11%

For tax years beginning January 1, 2017 and after, the brackets would be adjusted for inflation.

Section 77-2734.02 is amended to change the corporate income tax rates for tax years beginning January 1, 2016 and after as follows:

<u>Income Level:</u>	<u>Current Tax Rate:</u>	<u>LB 523 Tax Rate:</u>
First \$100,000:	5.58%	5.80%
Over \$100,000:	7.81%	8.12%

The Department of Revenue estimates the following fiscal impact of LB 523 to the General Fund:

<u>Fiscal Year:</u>	<u>Individual Income Tax:</u>	<u>Corporate Income Tax:</u>
2015-16:	\$ 66,856,000	\$ 842,000
2016-17:	\$ 131,990,000	\$ 10,071,000
2017-18:	\$ 124,650,000	\$ 13,312,000
2018-19:	\$ 131,861,000	\$ 13,094,000

The Department of Revenue indicates LB 523 will require a one-time charge of \$50,614 paid to the Office of the CIO for mainframe development as well as the web development costs for the NebFile online filing system.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

<u>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</u>		
LB: 523	AM:	AGENCY/POLT. SUB: Dept. of Education
REVIEWED BY: Lyn Heaton	DATE: 2/24/2015	PHONE: 471-4181
COMMENTS: Any allocation of the increased state income tax revenue as aid to public schools will be subject to further action by the Legislature since LB 523 does not amend statutes relative to the school aid formula or establish any specific appropriation for funding to public schools.		

<a href="#">ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</a>		
LB: 523	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/24/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.		

Please complete ALL (5) blanks in the first three lines.

**2015**

**LB<sup>(1)</sup> 523**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Dept of Education

Prepared by: <sup>(3)</sup> Bryce Wilson

Date Prepared: <sup>(4)</sup> 1/22/15

Phone: <sup>(5)</sup> 402-471-4320

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	=====	=====	=====	=====

**Explanation of Estimate:**

LB 523 would shift a portion of the funding of public schools to income taxes from property taxes by increasing the income tax rate to 5.8% for the first \$100,000 of taxable income and 8.12% on all taxable income in excess of \$100,000. The fiscal impact of this bill cannot be determined at this time.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

