

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		(\$40,833,000)		(\$44,655,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		(\$40,833,000)		(\$44,655,000)

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

LB 825 seeks to exempt certain social security income from taxation. LB 825 would amend the changes made by Laws 2021, LB 64, which set a schedule for the reduction of Federal Adjusted Gross Income equal to a percent of social security benefits received. Additionally, LB 825 would strike the intent language enacted with LB 64 describing the intent to further increase the social security exemption after tax year 2025.

The original schedule of social security benefits exempted is as follows:

- Jan 1, 2022 to Jan 1, 2023: 20%
- Jan 1, 2023 to Jan 1, 2024: 30%
- Jan 1, 2024 to Jan 1, 2025: 40%
- Jan 1, 2025 and each year after: 50%

LB 865 would accelerate the schedule as follows:

- 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 each year after: 100%

The Department of Revenue estimates the following loss to General Funds due to LB 825:

- FY22: \$0
- FY23: (\$40,833,000)
- FY24: (\$44,655,000)
- FY25: (\$59,591,000)
- FY26: (\$70,080,000)
- FY27: (\$73,816,000)

Additionally, the Department of Revenue estimates minimal costs to implement LB 825. There is no basis to disagree with these estimates.

