

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$3,718	(\$61,127,000)	\$0	(\$65,096,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$3,718	(\$61,127,000)	\$0	(\$65,096,000)

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

LB 538 would amend Section 77-2716 to exclude certain retirement benefits from the calculation of Nebraska income tax by allowing reductions to federal adjusted gross income beginning in tax year 2009 in the amount of those benefits up to a maximum amount per type of filer.

Retirement benefits received under the following acts or systems would qualify for the reduction:

- Class V School Employees Retirement Act
- Nebraska County Employees Retirement Act
- Nebraska Judges Retirement Act
- Nebraska State Patrol Retirement Act
- Nebraska School Employees Act
- Nebraska State Employees Act
- United State Civil Service System
- United State military employee retirement system

The adjustments would begin in the tax year beginning January 1, 2009, and the maximum amounts allowed would be as follows:

<u>Tax Year:</u>	<u>Amount Federal Adjusted Gross Income Reduced, Married Filing Jointly:</u>	<u>Amount Federal Adjusted Gross Income Reduced, All Other Filings:</u>
2009:	\$ 30,000	\$15,000
2010:	\$ 60,000	\$30,000
2011:	\$ 90,000	\$45,000
2012:	\$120,000	\$60,000
2013 and after:	\$150,000	\$75,000

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

FY2009-10:	(\$61,127,000)
FY2010-11:	(\$65,096,000)
FY2011-12:	(\$69,178,000)
FY2012-13:	(\$73,328,000)

The Department estimates the cost to implement the bill to include a one-time mainframe programming cost of \$3,718.

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