

LB 401 FISCAL NOTE

Doug Nichols and Don Yelick
May 15, 1997

Revised due to amendments adopted through May 15, 1997.

	FY 1997-98		FY 1998-99	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	see below	(\$23,205,000)	see below	(\$43,781,500)
CASH				
FEDERAL				
OTHER				
TOTAL	\$0	(\$23,205,000)	\$0	(\$43,781,500)

This bill, as amended, makes changes to Income tax calculations. It also changes General Fund transfers to the Cash Reserve Fund for FY1996-97.

The tax reduction provisions of this bill will result in a reduction of state General Fund Income tax revenues estimated as follows:

	FY97-98	FY98-99
Legislative Fiscal Office	(82,071,000)	(43,254,000)
Department of Revenue	(80,371,000)	(44,309,000)
Average	(81,221,000)	(43,781,500)

These estimated reductions in tax revenues assume withholding Is reduced on January 1, 1998, and is Increased on January 1, 1999.

The provision of this bill that eliminates the General Fund transfers to the Cash Reserve Fund for FY1996-97 will result in an increase in the General Fund estimated at approximately \$58 million for FY1997-98.

The not General Fund reduction is therefore \$23,205,000 in FY1997-98 and \$43,781,000 in FY1998-99.

The Department of Revenue estimates minimal implementation costs.

Impact on Local Subdivisions: It has been the Legislature's intent that all revenue associated with the change in the Income tax rate by the enactment of LB 1059, 1990, be dedicated to the Tax Equity and Educational Opportunity Act (state aid to schools). It should be noted that the state aid figure has already been calculated for the next biennium using the forecasted revenues which do not include the Income tax reduction of this bill. Since the bill, as amended, only impacts the next biennium, there will be no impact on state aid to schools.