

LB 401 FISCAL NOTE

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Revised due to amendments adopted through May 29, 1997.

	FY 1997-98		FY 1998-99	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	\$12,000	(\$82,728,000)		(\$4,745,000)
CASH				
FEDERAL				
OTHER				
TOTAL	\$12,000	(\$82,728,000)	\$0	(\$4,745,000)

This bill, for tax years 1997 and 1998, makes changes to the income tax calculations, and allows a reduction to adjusted gross income for self-employed Individuals for amounts paid for health insurance, which provision is similar to LB 24. It also transfers funds to the General Fund from the Cash Reserve Fund in FY1998-99.

This bill will result in a reduction of state General Fund revenues estimated as follows:

	FY1997-98	FY1998-99	Total
Income tax reduction & LB 24	(82,728,000)	(44,745,000)	(127,473,000)
Cash Reserve transfer to the General Fund		40,000,000	
Not General Fund Impact	(82,728,000)	(4,745,000)	(87,473,000)

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

The Department of Revenue estimates implementation costs of \$12,000 in FY1997-98.

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 that 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.