PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 23, 2017 402-471-0051

LB 65

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	7-18	FY 2018-19				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$55,518	\$0	\$0	(\$6,820,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$55,518	\$0	\$0	(\$6,820,000)			

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

LB 65 amends Nebraska Revised Statutes Section 77-2715.07.

The bill provides for a nonrefundable income tax credit of \$300 to an individual who cares for and resides with, for at least six months during the year, an individual who is either physically or mentally incapable of caring for themselves.

The income of the taxpayer seeking the nonrefundable credit must be between 200% and 400% of the federal poverty guidelines, they cannot have claimed the federal credit under Section 22 of the Internal Revenue Code on their federal income tax return, and the income of the person they care for may not exceed 200% of the federal poverty guidelines.

LB 65 also provides for a refundable income tax credit of \$300 to an individual who cares for and resides with, for at least six months during the year, an individual who is either physically or mentally incapable of caring for themselves.

The income of the taxpayer seeking the refundable credit must not exceed 200% of the federal poverty guidelines and the income of the person they care for may not exceed 200% of the federal poverty guidelines.

200% of the 2016 federal poverty guidelines is \$23,760. 400% of the 2016 federal poverty guidelines is \$47,520.

The bill is operative for taxable years beginning on or after January 1, 2018.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 470:

FY2017-18: \$ 0 FY2018-19: (\$ 6,820,000) FY2019-20: (\$ 6,870,000) FY2020-21: (\$ 6,920,000)

The Department of Revenue indicates that LB 65 will require a one-time programming charge of \$55,518 paid to the Office of the CIO to add two lines to the Form 1040N, as well as to the NebFile online filing system.

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

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	1/24/2017	
Approved by: Tony Fulton		Date Prepared:	1/24/2017		Phone: 471-5896		
	FY 2017-	FY 2017-2018		FY 2018-2019		FY 2019-2020	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$55,518	\$0	\$0	(\$6,820,000)	\$0	(\$6,870,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$55,518	\$0	\$0	(\$6,820,000)	\$0	(\$6,870,000)	

LB 65 provides a \$300 income tax credit to qualified resident individuals that care for another person starting with taxable years beginning on or after January 1, 2018.

A qualified resident individual may claim a nonrefundable credit if the resident individual has federal adjusted gross income more than 200% but not exceeding 400% of federal poverty guidelines; did not claim the credit for the elderly and the permanently disabled on his or her federal income tax return for the current taxable year; and the individual cares for another person.

A qualified resident individual may claim a refundable credit if the resident individual's federal adjusted gross income is less than 200% of federal poverty guidelines; and the individual cares for another person.

For purposes of the credit, an individual cares for another person if they reside in the same principal place of abode for at least six months during the taxable year; the person cared for is physically or mentally incapable of caring for himself or herself; and their income does not exceed 200% of the federal poverty guidelines.

The estimated total reduction to the General Fund would be as follows:

FY 2017-2018	\$ 0
FY 2018-2019	\$ 6,820,000
FY 2019-2020	\$ 6,870,000
FY 2020-2021	\$ 6,920,000

LB 65 would require a one-time programming charge of \$55,518 paid to the OCIO to add two lines on the Form 1040N as well as to the NebFile online filing system.

Major Objects of Expenditure								
Class Code	Classification Title	17-18 <u>FTE</u>	18-19 <u>FTE</u>	19-20 <u>FTE</u>	17-18 Expenditures	18-19 Expenditures	19-20 Expenditures	
Benefits								
Operating Costs					\$55,518	\$0	\$0	
Aid								
Capital Improvements								
Total					\$55,518	\$0	\$0	