

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	60,720	(6,481,000)	18,110	(7,108,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>60,720</b>	<b>(6,481,000)</b>	<b>18,110</b>	<b>(7,108,000)</b>

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

LB 4 provides for a non refundable tax credit of up to 25% of the premiums paid during the year on long term care insurance policies for individuals who do not itemize their federal deductions. This credit may not exceed \$500. There is no carryover of unused credits.

If the individual itemizes their federal deductions, an amount equal to the premiums paid on the policy may be deducted from their federal adjusted gross income prior to calculating their Nebraska liability. Premiums paid from withdrawals made as a participant in the Nebraska long-term care savings plan may not be used to reduce the federal adjusted gross income.

The estimated revenue impact is as follows.

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(6,481,000)
2008-09	(7,108,000)
2009-10	(7,796,000)
2010-11	(8,550,000)

The Department of Revenue estimates the following costs associated with implementation:

Expenditure		FY08	FY09
Revenue Operations Analyst II	(0.5 FTE)	13,220	13,617
Benefits		4,360	4,493
Operating Costs		43,140	
<b>Total Costs</b>		<b>60,720</b>	<b>18,110</b>

The Department of revenue notes that: LB 4 fails to say, for the itemizer, that the premium may only be claimed by one taxpayer. Further, it will require the Department to match those claiming both long-term care savings under the Act to those claiming this deduction or credit under this bill so that the deduction or credit will not be taken twice. This is further complicated since the bill allows for multiple policies. Also, the possibility exists that these premiums will already have been deducted at the federal level.