

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$0		\$0
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$0		\$0

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

LB 69 amends Nebraska Revised Statutes Section 77-2715.07 to increase the amount of a refundable credit against Nebraska income tax.

The bill increases the Nebraska earned income tax credit from its current level of 10% of the federal credit by increments until it reaches 20% of the federal credit for tax year 2021. The increments are as follows:

- 1) For tax year 2019 the credit is to be increased to 13% of the federal credit;
- 2) For tax year 2020 the credit is to be increased to 17% of the federal credit;
- 3) For tax year 2021 and thereafter the credit is to be increased to 20% of the federal credit.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 69:

FY2017-18:	\$	0
FY2018-19:	\$	0
FY2019-20:	(\$	10,210,000)
FY2020-21:	(\$	24,384,000)
FY2021-22:	(\$	35,651,000)

The Department of Revenue indicates the cost to implement LB 69 will be minimal.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB:69	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Lyn Heaton	DATE: 1/30/2017	PHONE: 402) 471-4181
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.		

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 1/30/2017			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared: 1/27/2017					
FY 2017-2018		FY 2018-2019		FY 2019-2020	
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$0		\$0		\$(10,210,000)
Cash Funds					
Federal Funds					
Other Funds					
Total Funds	\$0		\$0		\$(10,210,000)

LB 69 proposes to gradually increase the Nebraska earned income credit over the next several years. The bill would increase the Nebraska earned income tax credit from 10% to 13% of the federal earned income tax credit for taxable years beginning on or after January 1, 2019. For tax years beginning on or after January 1, 2020 the refundable tax credit would increase to 17% of the federal earned income tax credit. For tax years beginning on or after January 1, 2021 the refundable tax credit would increase to 20% of the federal earned income tax credit.

The Department estimates the reduction to the General Fund revenues as follows:

FY 2016-2017	\$0
FY 2017-2018	\$0
FY 2018-2019	\$0
FY 2019-2020	\$10,210,000
FY 2020-2021	\$24,384,000
FY 2021-2022	\$35,651,000

The Department’s cost to implement LB 69 is estimated to be minimal.

Major Objects of Expenditure								
<u>Class Code</u>	<u>Classification Title</u>	17-18	18-19	19-20	17-18	18-19	19-20	
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>	
	Benefits.....							
	Operating Costs.....							
	Travel.....							
	Capital Outlay.....							
	Aid.....							
	Capital Improvements.....							
	Total.....							