FISCAL NOTE  
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES  
(See narrative for political subdivision estimates)

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>FY 2019-20</th>
<th>FY 2020-21</th>
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</thead>
<tbody>
<tr>
<td>GENERAL FUNDS</td>
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<td>CASH FUNDS</td>
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<td>FEDERAL FUNDS</td>
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<td>OTHER FUNDS</td>
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<tr>
<td>TOTAL FUNDS</td>
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<td>($2,375,000)</td>
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Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 84 amends the Revenue Act of 1967 to provide a deduction to federal adjusted gross income, or for corporations and fiduciaries, federal taxable income, equal to 65% of wages paid by the taxpayer to an individual convicted of a felony. The deduction is available for wages paid in the first year of employment and cannot exceed $20,000 per individual. The deduction is available for tax years beginning on or after January 1, 2020.

Revenue:

The Department of Revenue estimates revenue to the General Fund as follows:

FY19-20  $0
FY20-21  ($2,375,000)
FY21-22  ($2,390,000)
FY22-23  ($2,406,000)

Expenditures:

The Department of Revenue estimates LB 84 will require a one-time programming charge of $102,831 to OCIO to add a line to Forms 1040N, 1120N, and 1041N.
LB 84 amends § 77-2716 to allow a deduction from federal adjusted gross income or, for corporations and fiduciaries, federal taxable income in the amount of 65% of the wages paid in the first 12 months of employment to a person who has been previously convicted of a felony in any state. The total deduction with respect to any one employee shall not exceed $20,000.

Based on the ProCon.org survey, the Department estimates the total number of persons in Nebraska with a felony conviction is approximately 23,000. Based on Employment Screening Resources survey, the employment rate for ex-offenders is around 73% and assuming that 30% of jobs holders change jobs annually, the Department estimates that LB 84 will reduce the General Fund revenues as follows:

- FY19-20: $-
- FY20-21: $2,375,000
- FY21-22: $2,390,000
- FY22-23: $2,406,000

This bill is operative for taxable years beginning on or after January 1, 2020.

LB 84 will require a one-time programming charge of $102,831 paid to the OCIO to add a line to Forms 1040N, 1120N, and 1041N.

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<th>21-22 FTE</th>
<th>19-20 Expenditures</th>
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