PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza February 3, 2021 (402)471-0050

LB 318

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2021-22		FY 2022-23			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS				(\$8,870,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS				(\$8,870,000)		

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

LB 318 seeks to increase the amount of earned income tax credit. Currently, the credit is equal to 10% of the federal earned income tax credit allowed under section 32 of the Internal Revenue Code of 1986.

Under 318, the credit percentage would increase on the following schedule:

- January 1, 2022 to January 1, 2023: 13%
- January 1, 2023 to January 1, 2024: 17%
- January 1, 2024 and thereafter: 20%

The Department of Revenue estimates the following General Fund revenue loss due to LB 318:

- FY21-22:
- FY22-23: (\$8,870,000)
- FY23-24: (\$20,922,000)
- FY24-25: (\$30,490,000)

The Department of Revenue expects no cost to implement LB 318

There is no basis to disagree with these estimates.

LB 318 Fiscal Note 2021

e EV 2021 (Date Prepared:	2/2/2021		Date Due LFO:	
EX 2021 (Date Prepared:	2/2/2021			
EX7 2021 C		_, _,	Phone: 471-5896		
FY 2021-2022		FY 2022-2023		FY 2023-2024	
nditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
	\$ 0		\$ (8,870,000)		\$ (20,922,000)
	\$ 0		\$ (8,870,000)		\$ (20,922,000)
	nditures	\$ 0	\$ 0	\$ 0 \$ (8,870,000)	\$ 0 \$ (8,870,000)

LB 318 increases the earned income tax credit and phases in the increase over three years. The credit would remain 10% of the federal credit for any tax years before 2022. It would increase to 13% of the federal credit for tax year 2022, 17% for tax year 2023, and 20% beginning with tax year 2024 and thereafter.

It is estimated that LB 318 will have the following fiscal impact on General Fund revenues:

FY2021-2022	\$ -
FY2022-2023	\$ (8,870,000)
FY2023-2024	\$ (20,922,000)
FY2024-2025	\$ (30,490,000)

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures
Benefits	Benefits						
Operating Costs							
Capital Outlay							
Capital Improvements							