PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 14, 2022 402-471-0059

LB 917

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2022-23		FY 2023-24			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$152,218			(\$2,598,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$152,218			(\$2,598,000)		

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

LB 917 provides for a reduction to federal adjusted gross income or, for corporations and fiduciaries, federal taxable income for tax years beginning January 1, 2023 and each year thereafter, for 65% of the wages paid by the taxpayer to an individual convicted of a felony in any state. The deduction is allowed for the first 12 months of their employment, and the total deduction by any taxpayer cannot exceed \$20,000 in a tax year.

REVENUE:

The Department of Revenue estimates the following impact to the General Fund:

FY22-23 \$0

FY23-24 (\$2,598,000) FY23-24 (\$2,649,000)

EXPENDITURES:

The department estimates a one-time charge to OCIO of \$152,218 to implement the provisions of the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 917	AM:	AGENCY/POLT. SUB: Departm	AGENCY/POLT. SUB: Department of Revenue		
REVIEWED B	Y: Neil Sullivan	DATE: 2/14/2022	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 917 appears reasonable.					

LB 917 Fiscal Note 2022

State Agency Estimate						
State Agency Name: Department	of Revenue				Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	pared: 2/14/2022 Phone: 471-58		Phone: 471-5896	
	FY 2022-	FY 2022-2023		3-2024	FY 2024-2025	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$152,218	\$ 0		(\$2,598,000)		(\$2,649,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$152,218	\$ 0		(\$ 2,598,000)		(\$2,649,000)

LB 917 amends section §77-2716 to allow a deduction from federal adjusted gross income or, for corporations and fiduciaries, federal taxable income in the 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 must not exceed \$20 thousand.

The deduction applies to taxable years beginning on or after January 1, 2023.

The Department of Revenue (DOR) estimates that the total number of felons who are newly hired in Nebraska each year to be 3,300. Using data on the mean earnings by felons from The Brookings Institute, roughly \$18 thousand. DOR estimates that LB 917 would reduce the General Fund revenue as follows:

FY 2022-23	\$ 0
FY 2023-24	\$ 2,598,000
FY 2024-25	\$ 2,649,000

LB 917 will require a one-time programming charge of \$152,218 paid to the OCIO for the following: adding a line to the Schedule I, adding a line to NebFile for Individuals, adding a line to 1120N schedule, adding a line to 1041N, and two new schedules.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Benefits							
Operating Costs.					\$152,218		
Travel							
	s						
Total				\$152,218			