

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$423,374		\$115,900	(\$2,250,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$423,374		\$115,900	(\$2,250,000)

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

LB 1025 would establish the Individuals with Intellectual Developmental Disabilities Support Act.

Under the Act, for taxable years beginning on or after January 1, 2025 there would be added four income tax credits.

The first tax credit would be a nonrefundable tax credit and would be for any employer that employs one or more direct support professionals during the taxable year. The credit would be in the amount of \$500 multiplied by the number of direct support professionals who are employed for at least six months during the taxable year and work at least 500 hours for the employer during the taxable year.

The second tax credit would be a refundable tax credit and would be for a direct support professional if employed as a direct support professional for at least 6 months during the taxable year and would work at least 500 hours as a direct support professional. The credit would be in the amount of \$500.

The third tax credit would be a nonrefundable tax credit and would be for any employer that employs an individual receiving services pursuant to a comprehensive developmental disabilities waiver. The credit would be in the amount of \$1,000 multiplied by the number of employees who are receiving services pursuant to a comprehensive developmental disabilities waiver, employed by the employer for at least six months during the taxable year, and work at least 200 hours for the employer during the taxable year.

The fourth credit would be a nonrefundable credit and would be for employers who provide any of the following types of services to an individual pursuant to a comprehensive development disabilities waiver:

- Prevocational
- Supported employment-individual
- Small group vocational support
- Supported employment follow along

The tax credit would be in the amount of \$1,000 multiplied by the number of individuals the employer is providing services to as listed in the four specified services above.

The Act requires an application to be submitted to the Department of Revenue (DOR) for the credit to be approved and a certification to be made by the DOR. The DOR would consider applications in the order they would be received. The DOR could approve credits under the Act each year until the total amount of credits approved for the year reaches \$2,500,000. The tax credits would be claimed by attaching the tax credit certification received from the DOR to the tax return.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

The DOR estimates the following impact to General Fund revenues from this bill:

- FY 25-26: (\$2,250,000)
- FY 26-27: (\$2,500,000)
- FY 27-28: (\$2,500,000)

The DOR estimates a one-time programming charge of \$267,874 to be paid to the Office of the Chief Information Officer (OCIO) and an ongoing cost of \$18,000 for maintenance in future years. For staffing costs, the DOR estimates a need for 1 FTE Information Technology Business Systems Analyst in the first year and 0.5 FTE of the position in future years. Additionally, the DOR estimates a need for 1 FTE Revenue Operations Clerk II as a result of this bill.

There is no basis to disagree with these estimates. However, the DOR does not assume any salary or benefits increases for FY25-26 and FY-26-27 for the additional personnel needed pursuant to this bill's provisions. While the actual salary and health insurance increases for FY25-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY24-25 will have ongoing rising costs associated with salary and health insurance increases, which are normally addressed in the biennial budget process for all bargaining and non-bargaining employees.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1025	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 1/24/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1025 appears reasonable provided the stated eligibility assumption on care in a professional capacity.		

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: James R. Kamm

Date Prepared: 01/23/2024

Phone: 471-5896

	FY 2024-2025		FY 2025-2026		FY 2026-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$423,374	\$ 0	\$115,900	\$ (2,250,000)	\$115,900	\$ (2,500,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$423,374	\$ 0	\$115,900	\$ (2,250,000)	\$115,900	\$ (2,500,000)

LB 1025 creates the Individuals with Intellectual and Development Disabilities Support Act (Act). The Act defines Comprehensive developmental disabilities waiver as a Medicaid home and community-based services waiver under the authority of section 1915(c) of the federal Social Security Act. The Act defines Direct support professional as any individual who is employed in this state and provides direct care support or any other form of treatment services, or care for individuals with intellectual and developmental disabilities.

Beginning January 1, 2025, The Act allows for three nonrefundable credits for employers and one refundable credit for employees. All four credits require an application and certification with the Department of Revenue (DOR). DOR must consider each application in the order in which they are received. The annual limit for all the credits combined is \$2.5 million. The credits are claimed on the respective tax return and requires the claimant to attach the tax credit certification received from DOR to the return.

An employer that employs one or more direct support professionals during the taxable year may apply for a nonrefundable credit of \$500 multiplied by the number of direct support professionals who are employed for at least six months and work 500 hours for the employer during the taxable year.

A direct support professional can apply for a refundable credit of \$500 if they are employed as a direct support professional for at least six months and work 500 hours as a direct support professional during the tax year.

An employer that employs an individual receiving services pursuant to a comprehensive developmental disabilities waiver can apply for a nonrefundable credit of \$1,000 multiplied by the number of employees who are receiving services pursuant to a comprehensive developmental disabilities waiver and employed by the employer for at least six months and work 200 hours for the employer during the taxable year.

Major Objects of Expenditure

Class Code	Classification Title	24-25	25-26	26-27	24-25	25-26	26-27
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A07082	Information Technology Business Systems Analyst	1	0.5	0.5	\$71,600	\$35,800	\$35,800
S29112	Revenue Op Clerk II	1	1	1	\$37,800	\$37,800	\$37,800
	Benefits.....				\$36,100	\$24,300	\$24,300
	Operating Costs.....				\$267,874	\$18,000	\$18,000
	Travel.....						
	Capital Outlay.....				\$10,000	\$0	\$0
	Capital Improvements.....						
	Total.....				\$423,374	\$115,900	\$115,900

An employer can apply for a nonrefundable credit of \$1,000 multiplied by number of individuals for providing the following types of services to an individual pursuant to a comprehensive developmental disability waiver:

- Prevocational;
- Supported employment-individual;
- Small group vocational support; or
- Supported employment-follow along.

DOR estimates that the total amount of credits under the Act is to be fully utilized. The estimated fiscal impact to the General Fund revenues are as follows:

FY2025-26	\$ (2,250,000)
FY2026-27	\$ (2,500,000)
FY2027-28	\$ (2,500,000)

The estimates above assume that only employees providing the care to clients of the employer in a professional capacity are eligible for the credits.

LB 1025 will require a one-time programming charge of \$267,874 paid to the OCIO for mainframe development and programming cost. There will be \$18,000 maintenance cost of eDASH in future years for maintenance of the tracking system. The DOR needs to hire 1 FTE of an Information Technology Business Systems Analyst in year one and 0.5 FTE in following years. DOR also needs to hire 1 FTE of Revenue Operation Clerk II.