PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 23, 2024 402-471-0051

**LB 937** 

Revision: 00

## **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	\$126,597		\$25,100	(\$37,103,000)	
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	\$126,597		\$25,100	(\$37,103,000)	

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

LB 937 would adopt the Caregiver Tax Credit Act. Under the Act, for all taxable years beginning on or after January 1, 2025 there would be allowed a nonrefundable income tax credit for any family caregiver who incurs eligible expenditures for the care and support of an eligible family member. The amount of the credit would be equal to 50% of the eligible expenditures incurred during the taxable year by a family caregiver for the care and support of an eligible family member. Any amount of the credit unused could not be carried forward. The maximum allowable credit in any single tax year for a family caregiver would be \$2,000 unless the eligible family member is a veteran or has a diagnosis of dementia in which case the maximum allowable credit would be \$3,000. If two or more family caregivers would claim the tax credit for the same eligible family member, the maximum allowable credit would be allocated in equal amounts between each of the family caregivers.

The Department of Revenue (DOR) could adopt and promulgate rules and regulations necessary to carry out the Act.

The DOR estimates the following impact to General Fund revenues as a result of this bill:

Fiscal Year	General Fund Revenues
FY2025-26	(\$37,103,000)
FY2026-27	(\$43,303,000)
FY2027-28	(\$48,266,000)
FY2028-29	(\$50,657,000)

The DOR also estimates a one-time programming charge to be paid to the Office of the Chief Information Officer (OCIO) in the amount of \$96,497 and a need for 0.5 FTE Revenue Operations Clerk II as a result of the bill.

There is no basis to disagree with these estimates. However, the DOR does not assume any salary or benefits increases for FY25-26 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:	LB: 937 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue				
REV	REVIEWED BY: Ann Linneman DATE: 1-23-2024 PHONE: (402) 471-4180				
	COMMENTS: The Nebraska Department of Revenue's assessment of no fiscal impact seems reasonable given the assumptions used.				

State Agency Estimate						
State Agency Name: Department of	Date Due LFO:					
Approved by: James R. Kamm		Date Prepared:	01/22/2024		Phone: 471-5896	
FY 2024-2025		<u> 2025</u>	FY 2025-2026		FY 2026-2027	
	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	<u>Expenditures</u>	Revenue
General Funds	\$126,597	\$0	\$25,100	\$ (37,103,000)	\$25,100	\$ (43,303,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$126,597	\$0	\$25,100	\$ (37,103,000)	\$25,100	\$ (43,303,000)

LB 937 adopts the Caregiver Tax Credit Act (Act). For all tax years beginning on or after January 1, 2025, the Act allows a nonrefundable credit equal to 50% of the eligible expenditures incurred during the tax year by a family caregiver for the care and support of an eligible family member. The maximum credit in a single tax year is \$2,000, but if the eligible family member is a veteran or is diagnosed with dementia the maximum credit is \$3,000. If two or more family caregivers claim the tax credit for the same eligible family member, the maximum credit must be allocated in equal amounts between each family caregiver. Any unused amount may not be carried forward.

Family caregiver means an individual who (a) is providing care and support for an eligible family member; (b) has a federal adjusted gross income of less than \$50,000 or, if filing as "married couple jointly", less than \$100,000; and (c) who has personally incurred uncompensated expenses directly related to the care of an eligible family member.

Eligible family member means an individual who (a) requires assistance with at least two activities of daily living as certified by a licensed health care provider; (b) qualifies as a dependent, spouse, parent, or other relation by blood or marriage to the family caregiver; and (c) lives in a private residence and not an assisted living center, nursing facility, or residential care home. The Act defines activities of daily living as including the following defined terms of ambulating, feeding, dressing, personal hygiene, continence, and toileting.

## Eligible expenditure includes:

- (i) The improvement or alteration to the primary residence of the family caregiver or eligible family member to permit the eligible family member to live in the residence and to remain mobile, safe, and independent.
- (ii) The purchase or lease of equipment by the family caregiver, including, but not limited to, durable medical equipment, that is necessary to assist an eligible family member in carrying out one or more activities of daily living; and

Major Objects of Expenditure							
Class Code S29112	Classification Title Revenue Op Clerk II	24-25 FTE 0.5	25-26 <u>FTE</u> 0.5	26-27 <u>FTE</u> 0.5	24-25 <u>Expenditures</u> \$18.900	25-26 <u>Expenditures</u> 18,900	26-27 Expenditures 18,900
527112	Revenue of Cicik ii	0.5	0.5	0.5	\$10,700	10,700	10,700
Benefits	Benefits					\$6,200	\$6,200
Operating Costs.					96,497		
Capital Outlay				\$5,000			
Capital Improveme	ents						
Total					\$126,597	\$25,100	\$25,100

(iii) Other paid or incurred expenses by the family caregiver that assist the family caregiver in providing care to an eligible family member such as expenditures related to: (A) hiring a home care aide; (B) respite care; (C) adult day care; (D) personal care attendants; (E) Health care equipment; and (F) technology.

The eligible expenditure must be directly related to assisting the family caregiver in providing care to an eligible family member. Eligible expenditure does not include carrying out general household maintenance activities, such as painting, plumbing, electrical repairs, or exterior maintenance.

The Department of Revenue (DOR) may adopt and promulgate rules and regulations necessary to carry out the Act.

The estimated fiscal impact to the General Fund revenues would be as follows:

Fiscal Year	General Fund Revenues
FY2025-26	(\$37,103,000)
FY2026-27	(\$43,303,000)
FY2027-28	(\$48,266,000)
FY2028-29	(\$50,657,000)

LB 937 will require a one-time programming charge of \$96,497 paid to the OCIO for adding a new schedule and a line to 1040N and for mainframe and web development cost. The DOR also needs to a hire 0.5 FTE of Revenue Operation Clerk II for the implement of LB 937.