

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$51,855	(\$2,600,000)		(\$2,600,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$51,855</b>	<b>(\$2,600,000)</b>		<b>(\$2,600,000)</b>

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

LB 389 amends the Nebraska Revenue Act of 1967.

Section 77-2715.07 is amended for tax years beginning January 1, 2013 and thereafter, to provide tax credits for adoption and guardianship.

A credit against Nebraska income tax shall be available for fifty percent of the qualified costs paid or incurred by an individual taxpayer for the adoption or guardianship or any minor child who is a citizen or legal resident of the United States and who was in the custody of a public agency of Nebraska or a Nebraska political subdivision.

The credit shall be a refundable credit if the taxpayer claiming the credit has a federal adjusted gross income that does not exceed 250% of the federal poverty guideline. The credit shall be a nonrefundable credit if the taxpayer's federal adjusted gross income exceeds 250% of the federal poverty guideline. 250% of the current guideline is \$27,925.

The credit provided in LB 389 is capped at no more than \$4,000 per minor child and may be carried over until fully utilized. The credit is to be claimed for the tax year in which the decree or order of adoption or guardianship is entered.

The Department of Revenue estimates based on maximum utilization, that the annual fiscal impact to the General Fund would be a reduction of \$2,600,000.

The Department also estimates a one-time programming cost of \$51,855 paid to the Office of the CIO to add two lines to the Form 1040N, as well as to the NebFile system.

We agree with the Department's estimate of fiscal impact and cost.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 389	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 1/30/2013	PHONE: 402.471.4181
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. The agency estimate assumes the number of taxpayers claiming the state credit will be consistent with the number that have claimed the federal adoption credit and that the state credit will not be seen as a financial incentive that will markedly increase the number of taxpayers choosing adoption or guardianship. The estimated operational cost to implement the bill appears reasonable.			

