PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 27, 2013 402-471-0051

LB 264

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	3-14	FY 2014-15			
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE		
GENERAL FUNDS	\$51,855	(\$1,681,000)		(\$1,701,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$51,855	(\$1,681,000)		(\$1,701,000)		

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

LB 264 would amend the Nebraska Revenue Act of 1967, Section 77-2715.07 to provide a tax credit against Nebraska state income tax.

For the tax year beginning January 1, 2013 and tax years thereafter, the bill would provide a <u>nonrefundable tax credit</u> of \$500 for a qualified caregiver if the caregiver has a federal adjusted gross income equal to or less than 500% of the federal poverty guidelines and equal to or greater than 250% of the federal poverty guidelines.

For the tax year beginning January 1, 2013 and tax years thereafter, the bill would provide a <u>refundable tax credit</u> of \$500 for a qualified caregiver if the caregiver has a federal adjusted gross income equal to or less than 250% of the federal poverty guideline.

To be a qualified caregiver the taxpayer must care for an individual who is at least 65 years of age, resides in the same abode as the taxpayer, has an income less than or equal to 250% of the federal poverty level and who suffers from a physical, mental, or emotional condition that has lasted at least 180 days. The condition has to make it difficult for the individual to dress, bathe, or get around inside the home.

250% of the federal poverty level for 2013 equals \$27,925 for an individual. 500% of the federal poverty level for 2013 equals \$55,850 for an individual. For a two-adult, two-child family of four, 250% of the poverty level would be \$57,625 and 500% would be \$115,250.

The Department of Revenue estimates the following fiscal impact as a result of LB 264:

FY2013-14: (\$1,681,000) FY2014-15: (\$1,701,000) FY2015-16: (\$1,722,000) FY2016-17: (\$1,774,000)

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

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: <mark>264</mark> AM:	AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton	DATE: 1/30/2013	PHONE: <u>402.471.4181</u>				
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis. The estimated operational cost to implement the bill appears reasonable.						

		State Agency	Estimate			
State Agency Name: Department of	f Revenue				Date Due LFA:	1/30/13
Approved by: Douglas Ewald		Date Prepared:	1/24/13		Phone: 471-5896	
	FY 2013-2014		FY 2014-2015		FY 2015-2016	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$ 51,855	(\$ 1,681,000)		(\$ 1,701,000)		(\$ 1,722,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$ 51,855	(\$ 1,681,000)		(\$ 1,701,000)		(\$ 1,722,000)
			•	•	•	•

LB 264 creates two new credits for resident individual taxpayers who care for certain persons over the age of 65 in the taxpayer's residence. One is a nonrefundable \$500 credit where the taxpayer's income is greater than 2.5 times the federal poverty level guidelines (poverty level) but less than 5 times the poverty levels.

The second credit is a refundable \$500 credit, where the taxpayer's income is less than 2.5 times the poverty level.

In both cases the person being cared for must be over 65, need assistance in caring for themselves for at least 50% of the year, and have income less than 2.5 times the poverty level.

Poverty levels for a two-adult, two-child family, according to the USDA 2012 poverty levels, are \$23,050. Two and one-half times this poverty level would be \$57,625 for a family of four. Five times this poverty level would be \$115,250 for a family of four.

It is estimated that the impact to the general fund would be as follows:

FY 2013-2014 (\$ 1,681,000) FY 2014-2015 (\$ 1,701,000) FY 2015-2016 (\$ 1,722,000) FY 2016-2017 (\$ 1,774,000)

LB 264 will require a one-time programing charge of \$51,855 paid to the OCIO to add two lines to the Form 1040N, as well as to the NebFile online filing system.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
Benefits							
Operating Costs					\$ 51,855		
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total			•••••	•••••	\$ 51,855		