## LB 897

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	4-15	FY 20	15-16				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$102,354	\$ 0	\$ 0	(\$15,117,000)				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$102,354	\$ 0	\$ 0	(\$15,117,000)				

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

LB 897 amends the Nebraska Revenue Act of 1967.

Section 77-2701 is amended to create a nonrefundable income tax credit for the employer of any person receiving public assistance pursuant to the Nebraska Welfare Reform Act.

The amount of the credit is 20% of the employer's annual expenditures for certain services. Those services include the following provided to employees receiving public assistance:

- Health or dental insurance
- Child care services
- Transportation to and from work

The employer may also receive the credit for the cost of basic education provided by a public institution of postsecondary education but it appears that it is the employer's total cost for all employees and not just those employees receiving public assistance.

The employer claiming the credit may only do so for two years.

The bill is operative for taxable years beginning on or after January 1, 2015.

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

FY2014-15:	\$	0
FY2015-16:	(\$ 15,1	17,000)
FY2016-17:	(\$ 20,1	56,000)

The Department of Revenue indicates the bill will require a one-time programming charge of \$102,354 paid to the office of the CIO to add a line to Forms 1040N, 1120N, and 1041N, require changes to the NebFile online filing system, and to develop a system to track returns claiming the credit.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 897 AM: AGENCY/POLT. SUB: Department of Health and Human Services							
<b>REVIEWED</b>	BY: Lyn Heaton		DATE: 2/10/2014 PHONE: <u>402.471.4181</u>				
COMMENTS: Concur. No direct operational cost for the Dept. of Health and Human Services is expected.							

LB(1) <u>897</u>

**FISCAL NOTE** 

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION							
State Agency or Political Subdivision Name:(2) Department of Health and Human Services							
Prepared by: (3) Steve Shive	ly Date Prepared	1:(4) 1-28-14		Phone:	(5) 471-0676		
	<u>FY 2014-20</u>	<u>15</u>	<u>FY 2015-2016</u>				
	EXPENDITURES	REVENUE	EXPEN	DITURES	REVENUE		
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	DS \$0		\$0				
Return by date specified or 72 hours prior to public hearing, whichever is earlier. Explanation of Estimate: There is no fiscal impact to the Department of Health and Human Services.							
MAJOR OBJECTS OF EXPENDITURE							
PERSONAL SERVICES:							
	POSITION TITLE	NUMBER OF 14-15	F POSITIONS 15-16	2014-2015 EXPENDITURES	2015-2016 EXPENDITURES		

Benefits		
Operating		
Travel		
Capital Outlay		
Aid		
Capital Improvements		
TOTAL	\$0	\$0

## Fiscal Note 2014

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFA: 1/22/2014								
Approved by: Kim Conroy		Date Prepared:	1/22/2014		Phone: 471-5896			
	FY 2014-	2015	<u>FY 2015</u>	-2016	FY 201	6-2017		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$102,354	\$0	\$0	(\$15,117,000)	\$0	(\$20,156,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$102,354	\$0	\$0	(\$15,117,000)	\$0	(\$20,156,000)		

LB 897 would adopt a new nonrefundable income tax credit for an individual, fiduciary, or corporation employing any person receiving public assistance pursuant to the Welfare Reform Act. The credit may be claimed for taxable years beginning or deemed to begin on or after January 1, 2015. The credit would be equal to 20% of the employer's expense incurred during the year for:

- 1. Providing basic education by a public institution of postsecondary education;
- 2. Providing health or dental insurance for employees receiving public assistance;
- 3. Providing child care for minor children of employees receiving public assistance; and
- 4. Transporting employees receiving public assistance to and from work.

The credit would be available for no more than two years.

Assuming the effective date of this bill is October 1, 2015, the estimated reduction to General Fund revenues would be as follows:

FY 2014-2015	\$ -
FY 2015-2016	\$ 15,117,000
FY 2016-2017	\$ 20,156,000

LB 897 will require a one-time programming charge of \$102,354 paid to the OCIO to add a line to the Forms 1040N, 1120N, and 1041N, require changes to the NebFile for Individuals online filing system, and to develop a system to track returns claiming the credit.

Major Objects of Expenditure									
14-15 15-16 16-17 14-15 15-16									
Class Code	Classification Title	<u>FTE</u>	FTE	FTE	<b>Expenditures</b>	<b>Expenditures</b>	Expenditures		
Travel									
Capital Outlay									
Aid									
Capital Improvement	nts								