

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$11,815	\$0	\$0	(\$10,409,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$11,815	\$0	\$0	(\$10,409,000)

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

LB 62 amends the Nebraska Revenue Act of 1967, Section 77-2716, regarding reductions to federal adjusted gross income (AGI) for Nebraska state income tax purposes.

The bill allows reduction of AGI by an amount equal to the principle paid on a qualified education loan incurred to pay for the costs of obtaining a graduate degree from an institution of higher learning. The reduction is available for 10 years after the taxpayer culminates a course of study resulting in a graduate degree.

Graduate degree is defined as a degree awarded by an institution of higher education after earning a baccalaureate degree and beyond the baccalaureate level.

Institution of higher education means a college, university, professional school, or other institution of higher learning accredited by an organization recognized by the U.S. Department of Education.

Qualified education loan is defined as a loan borrowed from or guaranteed by the federal government, a state agency, a financial institution, institution of higher learning, or nonprofit organization whose primary purpose is to provide student loans.

Payments made on an education loan received from the Nebraska educational saving plan trust are not eligible for the reduction provided for in LB 62.

The bill becomes operative for tax years beginning January 1, 2016 and thereafter.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 62:

FY2015-16:	\$	0
FY2016-17:	(\$	10,409,000)
FY2017-18:	(\$	10,733,000)

LB 62 would require a one-time programming charge of \$11,815 paid to the Office of the CIO for mainframe programming and web programming costs for the NebFile system.

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: 62	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/2/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the Department's analysis.		

State Agency Estimate

State Agency Name: Department of Revenue	Date Prepared: 2/2/2015		Date Due LFA: 2/2/2015			
Approved by: Len Sloup	Phone: 471-5896					
FY 2015-2016		FY 2016-2017		FY 2017-2018		
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	\$11,815	\$0	\$0	(\$10,409,000)	\$0	(\$10,733,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$11,815	\$0	\$0	(\$10,409,000)	\$0	(\$10,733,000)

LB 62 provides a reduction to federal adjusted gross income by the amount of principal incurred and paid by the taxpayer during the taxable year on any qualified education loan for the costs necessary to obtain a graduate degree from an institution of higher education. The reduction is available for tax years beginning on or after January 1, 2016, and for the first ten years after earning a graduate degree.

A qualified education loan is defined as a loan that is borrowed from or guaranteed by the federal government or a loan that is borrowed from a financial institution, institution of higher education, state agency, or nonprofit organization whose primary purpose is to provide student loans.

An institution of higher education is defined as a college, university, professional school, or institution of higher learning that is accredited by an accrediting organization recognized by the United States Department of Education.

The estimated total reduction to the General Fund revenues would be as follows:

FY 2015-2016	\$	0
FY 2016-2017	\$	10,409,000
FY 2017-2018	\$	10,733,000

LB 62 would require a one-time programming charge of \$11,815 paid to the OCIO for mainframe programming and web programming costs for the NebFile online filing system.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$11,815	\$0	\$0
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....				\$11,815	\$0	\$0