

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$76,494	\$0	\$23,006	(\$13,990,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$76,494</b>	<b>\$0</b>	<b>\$23,006</b>	<b>(\$13,990,000)</b>

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

LB 396 would provide a nonrefundable income tax credit for long-term care insurance policies issued pursuant to the Long-Term Care Insurance Act, on or after January 1, 2016.

The bill proposes a nonrefundable credit equal to 25% of the premiums paid on insurance policies for the taxpayer, a spouse, parent, immediate family member, or a dependent for which the taxpayer was allowed a personal exemption, during the taxable year for one or more long-term care insurance policies. The credit could not be used by a taxpayer who used the adjustment to federal adjusted gross income provided in section 77-2716. The credit can be claimed for up to three tax years. Unused tax credits cannot be carried forward to the next tax year. The bill becomes operative for tax years beginning January 1, 2016.

The amount of the credit is capped at the lesser of:

- a) \$250 for an individual policy and \$500 for a joint policy; or
- b) The amount of the taxpayer's income tax liability.

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

FY2015-16:	\$ 0
FY2016-17:	(\$ 13,990,000)
FY2017-18:	(\$ 14,540,000)
FY2018-19:	(\$ 15,120,000)
FY2019-20:	(\$ 1,740,000)

LB 396 would require a one-time programming charge of \$54,026 paid to the Office of the CIO to add a line to the Form 1040N, as well as to the NebFile online filing system. They will also require 0.5 FTE Revenue Agent to validate credits claimed under the bill. The PSL for FY2015-16 is \$16,893 and is \$17,298 for FY2016-17.

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

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 396	AM:	AGENCY/POLT. SUB: Dept. of Insurance
REVIEWED BY: Lyn Heaton	DATE: 2/23/2015	PHONE: 471-4181
COMMENTS: Concur. No fiscal impact on the Department of Insurance.		

Please complete ALL (5) blanks in the first three lines.

**2015**

**LB<sup>(1)</sup> 396**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Department of Insurance

Prepared by: <sup>(3)</sup> Robert M. Bell

Date Prepared: <sup>(4)</sup> 1/26/2015

Phone: <sup>(5)</sup> 402-471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact on the Department of Insurance.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

