

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$89,846	(\$56,570,000)	\$27,673	(\$137,570,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$89,846</b>	<b>(\$56,570,000)</b>	<b>\$27,673</b>	<b>(\$137,570,000)</b>

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

LB 870 amends the Nebraska Revenue Act of 1967 to provide a nonrefundable income tax credit to certain eligible individuals.

Eligible individuals are defined as someone who has earned either an associate degree or a bachelor's degree from an accredited education institution; completed the degree requirements in five consecutive calendar years or less; and upon graduation had a cumulative grade point average of 2.0 on a four-point scale or its equivalent.

Accredited institution means any nonprofit college, university, or vocational school.

The amount of the credit is as follows:

- \$2,500 if AGI is less than \$120,000 for Married Filing Joint Return  
If AGI is less than \$60,000 for All Other Returns
- \$1,875 If AGI is more than \$120,000 but less than \$200,000 for Married Filing Joint Return  
If AGI is more than \$60,000 but less than \$100,000 for All Other Returns
- \$1,250 If AGI is more than \$200,000 but less than \$300,000 for Married Filing Joint Return  
If AGI is more than \$100,000 but less than \$150,000 for All Other Returns
- \$625 If AGI is more than \$300,000 but less than \$400,000 for Married Filing Joint Return  
If AGI is more than \$150,000 but less than \$200,000 for All Other Returns

The credit is available for the first five years following the individual's graduation, excluding any taxable year in which they attended a postgraduate program for the purpose of obtaining a postgraduate degree.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 870:

FY2016-17:	(\$ 56,570,000)
FY2017-18:	(\$ 137,570,000)
FY2018-19:	(\$ 141,940,000)

The Department estimates the cost to implement the provisions of LB 870 will include a one-time programming charge of \$62,821 paid to the Office of the CIO to add a line to the Form 1040N, NebFile, and implement a tracking system. In addition, the Department will require a 0.5 FTE Auditor to administer the program. PSL for this position will be \$20,320 for FY16-17, \$20,807 for FY17-18, and \$21,307 for FY18-19.

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



LB 685 would require a one-time programming charge of \$62,821 paid to the OCIO to add a line to the Form 1040N, NebFile, and implement a tracking system. The Department will require 0.5 FTE Auditor to administer this bill.