

**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	\$55,601	\$0	\$0	(\$2,188,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$55,601</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,188,000)</b>

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

LB 886 creates the Volunteer Emergency Responder Incentive Act and amends the Nebraska Revenue Act of 1967 to provide an income tax credit.

The Act would provide a refundable income tax credit of \$250 for each individual who qualifies under the criteria established by the bill. The bill establishes a point system for volunteer firefighters, rescue squad members, and emergency responders to determine annual qualifications for the tax credit.

The bill also provides notification responsibilities for the local governing board in respect to certifying eligible individuals and requires that the certification be provided to the Department of Revenue no later than February 15 each year.

The bill would be operative for taxable years beginning on or after January 1, 2017 and an individual would become eligible to take the credit beginning with the second taxable year they are on the certified list provided to the Department of Revenue as required by LB 886.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 886:

FY2016-17: (\$ 0)  
 FY2017-18: (\$ 1,875,000)  
 FY2018-19: (\$ 1,969,000)

The Department indicates that LB 886 will require a one-time programming charge of \$55,601 paid to the Office of the CIO to add a line to the Form 1040N, as well as to the NebFile filing system.

The Legislative Fiscal Office estimates the following fiscal impact to the General Fund as a result of LB 886:

FY2016-17: \$ 0  
 FY2017-18: (\$ 2,501,000)  
 FY2018-19: (\$ 2,515,000)

Therefore we estimate the following fiscal impact of LB 886:

FY2016-17: \$ 0  
 FY2017-18: (\$ 2,188,000)  
 FY2018-19: (\$ 2,242,000)

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

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA: 2/1/2016

Approved by: Tony Fulton

Date Prepared: 01/21/2016

Phone: 471-5896

	FY 2016-2017		FY 2017-2018		FY 2018-2019	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$55,601	\$0		\$(1,875,000)		\$(1,969,000)
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$55,601</b>	<b>\$0</b>		<b>\$(1,875,000)</b>		<b>\$(1,969,000)</b>

LB 886 creates the Volunteer Emergency Responders Incentive Act. This bill provides a refundable income tax credit for qualified active volunteer emergency responders, rescue squad members, and firefighters. Pursuant to the bill, qualified active volunteers will accumulate points for service and emergency service related training and activities. Each city, village, or rural or suburban fire protection district shall file a certified list of those volunteers who have qualified as active emergency responders, rescue squad members, or firefighters for the immediately preceding calendar year with the Department of Revenue by February 15. For taxable years beginning or deemed to begin on or after January 1, 2017, each volunteer on the certified list shall receive a refundable income tax credit equal to \$250 beginning with the second taxable year in which such qualified active volunteer is included in the certified list.

The Department estimates the reduction to the General Fund revenues as follows:

FY 2016-2017	\$	0
FY 2017-2018	\$	1,875,000
FY 2018-2019	\$	1,969,000

LB 886 will require a one-time programing charge of \$55,601 paid to the OCIO to add a line to the Form 1040N, as well as to the NebFile online filing system.

Major Objects of Expenditure

Class Code	Classification Title	16-17	17-18	18-19	16-17	17-18	18-19
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....				\$55,601		
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	<b>Total.....</b>				<b>\$55,601</b>		