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LB 304

Revision: 02

FISCAL NOTE

Revised to reflect amendments adopted to date.

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2007-08		**FY 2008-09**	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		($0 - $29,000)		($0 - 58,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		($0 - $29,000)		($0 - 58,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 304 changes provisions related to the Long-Term Care Savings Plan Act. Under the provisions of LB 304, “Qualified individual” means a person who turned fifty (50) or older during the taxable year and made payments for long-term care insurance premiums. Current language places this age limitation at sixty-two (62).

The Department of Revenue estimates the General Fund revenue loss due to increased deductions to be $29,000 in fiscal year 2008 and $58,000 in fiscal year 2009. Furthermore, the Department estimates the fiscal year 2010 and 2011 impact to be $117,000 and $235,000, respectively. This is based on the assumption that the expanded age parameters for qualified individuals will result in more current policy holders participating in savings plan accounts. If an individual has a Long-Term Care Policy, is paying premiums and utilizing the policy’s benefits at the same time, that person is extremely likely to deposit funds in an account and immediately withdraw whatever amount is needed to pay the premiums. This would allow for deductibility under the plan’s provisions with knowledge that the funds would be spent anyway.

Based on the Department of Revenue’s figures, the estimated number of new account holders (not policy holders) in fiscal year 2008 would be approximately 280. There is no basis to disagree with this estimate. Since the actual number of policy holders who will begin utilizing Long-Term Care Savings Accounts is unknown, the table above reflects a range of General Fund revenue loss between $0 and $29,000 in fiscal year 2008. That number increases over time under the assumption that greater utilization will heighten tax payer awareness of the program and, therefore, increase participation.