Douglas Gibbs January 30, 2018 402-471-0051

## LB 920

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2018-19		FY 20	19-20		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		\$0		(\$2,919,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		\$0		(\$2,919,000)		

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

LB 920 amends Nebraska Revised Statutes Section 77-2715.07, regarding the child and dependent care income tax credit.

The bill increases the income threshold of federal adjusted gross income (AGI) for the refundable Nebraska income tax credit from \$29,000 or less to \$52,000 or less. The credit is 100% of the federal credit for AGI not greater than \$32,000 and is reduced by 3.5% for each \$1,000 or fraction thereof that AGI exceeds \$32,000.

The bill also increases the income threshold of the AGI for the nonrefundable Nebraska income tax credit from \$29,000 to \$52,000 but less than \$150,000. The Nebraska credit is increased from 25% to 30% of the federal credit.

The change is effective for tax years beginning on or after January 1, 2019.

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

FY2019-20:	(\$ 2,919,000)
FY2020-21:	(\$ 2,992,000)
FY2021-22:	(\$ 3,067,000)
FY2022-23:	(\$ 3,143,000)

The Department of Revenue indicates minimal cost to implement the provisions of LB 920.

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. RESPONSE				
LB: 920 AM: AGENCY/POLT. SUB: Dept. of Revenue				
REVIEWED	BY: Lyn Heaton	DATE: 1/31/2018	PHONE: (402) 471-4181	
COMMENTS: No basis upon which to disagree with the Department of Revenue's estimate.				

Technical Note: The Department mistakenly typed "for each \$2,000 or fraction thereof" in the text of their fiscal note when their calculation of revenue impact is correctly based on the bill's provision of "for each \$1,000 or fraction thereof".

## Fiscal Note 2018

State Agency Estimate								
State Agency Name: Department of	Revenue				Date Due LFA:	1/31/2018		
Approved by: Tony Fulton		Date Prepared:	1/26/2018		Phone: 471-5896			
	FY 2018-2019		FY 2019-2020		FY 2020-2021			
	Expenditures	Revenue	<b>Expenditures</b>	Revenue	Expenditures	Revenue		
General Funds		\$0		(\$2,919,000)		(\$2,992,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$0		(\$2,919,000)		(\$2,992,000)		

LB 920 increases the federal adjusted gross income (FAGI) threshold for the Nebraska refundable child care credit from \$29,000 or less to \$52,000 or less. The refundable tax credit is 100% of the federal credit for FAGI not greater than \$32,000, and is reduced by 3.5% for each \$2,000 or fraction thereof that exceeds \$32,000.

LB 920 also increases the Nebraska nonrefundable child care credit from 25% to 30% of the federal credit for taxpayers with FAGI greater than \$52,000, but less than \$150,000. The nonrefundable credit phases out for taxpayers with FAGI above \$150,000.

The increases apply to tax years beginning on or after January 1, 2019.

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

FY18-19	\$ -
FY19-20	\$ 2,919,000
FY19-20	\$ 2,992,000
FY20-21	\$ 3,067,000
FY21-22	\$ 3,143,000

It is estimated that the cost to implement LB 920 would be minimal.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 Expenditures
Benefits							
Operating Costs	BenefitsOperating Costs Travel						
Capital Outlay	Capital Outlay Capital Improvements						
Total							