

PREPARED BY: Tom Bergquist
 DATE PREPARED: February 20, 2008
 PHONE: 471-0062

LB 983

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	19,800	(1,000,000)	28,800	(3,500,000)
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	19,800	(1,000,000)	28,800	(3,500,000)

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

LB983 makes numerous changes to statutes providing tax credits for irrevocable planned gifts to Nebraska permanent endowments. For resident individuals and S corporations, the planned gift credit is increased from 15% to 50% with the maximum increased from \$5,000 to \$10,000 and a new 25% credit is provided for direct gifts up to \$5,000. For non subchapter S corporations the credit is increased from 10% to 50% and the maximum increased from \$5,000 to \$10,000. In addition to the increase in credit percents and maximums, the credits are allowed to be carried forward up to 5 years rather than required to be used in one year and the termination date for the credit program is extended from January 1, 2010 to January 1, 2016.

Section 9 provides for a new process requiring taxpayers to file an application for the tax credits with the Dept of Revenue, and a \$5 million per year limit on approved credits is provided.

No basis to disagree with the Dept of Revenue estimated revenue loss of \$1 million in FY08-09, \$3.5 million in FY09-10 and \$5 million in FY10-11 in light of the significant increase in the credit amount and maximum gifts and the addition of the five year carry forward. Note that these estimates reflect the change from actual data from tax year 2006 under current law. Furthermore, no basis to disagree with the Department's estimate of additional operating expenses with the inclusion of the new application process and tracking of credits, notification of applicants, etc...

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/20/08	PHONE 471-2526
COMMENTS			
DEPARTMENT OF REVENUE: It is assumed that taken by itself, the additional administrative costs from the bill can be absorbed within existing resources.			