

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$214,881		\$44,300	(\$586,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$214,881		\$44,300	(\$586,000)

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

LB 545 allows participants in the Nebraska educational savings plan trust to authorize employers to make employer contributions to the participant’s account. The participant can take a deduction against income tax for employer contributions made to the participant’s account. “Employer contribution” is defined as a contribution made by an employer to the account of a participant who is an employee. The deduction is available for tax years beginning on or after January 1, 2020.

The bill also requires the Tax Commissioner, beginning with tax year 2020, to include a space on the individual income tax return where a taxpayer can designate a specific amount of any refund as a contribution to the taxpayers’ Nebraska educational savings plan trust account. The Tax Commissioner must provide information on the amount of contributions each year, and the State Treasurer must transfer the funds from the General Fund to the appropriate accounts within the College Savings Plan Program Fund.

The bill is operative January 1, 2020.

Revenue:

The State Treasurer estimates no fiscal impact to the agency. The Department of Revenue estimates revenue to the General Fund as follows:

FY 19-20	\$0
FY 20-21	(\$586,000)
FY 21-22	(\$1,296,000)

Expenditures:

The State Treasurer estimates no cost to implement the bill. The Department of Revenue estimates the following costs to the implement the bill:

- A one-time programming charge to OCIO of \$128,481 to OCIO for mainframe and web development costs; and
- Expenditures of \$86,400 in FY19-20 and \$44,300 in FY 20-21 for 0.5 FTE Revenue Tax Specialist for one year and 1.0 FTE Revenue Operations Clerk II on an ongoing basis.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 545	AM:	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Lee Will	DATE: 2/1/2019	PHONE: (402) 471-4175	
COMMENTS: Concur with the State Treasurer’s assessment of no fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 545 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Lee Will DATE: 2/4/2019 PHONE: (402) 471-4175

COMMENTS: The Department of Revenue's statement of fiscal impact seems reasonable given the assumptions used.

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 545

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ January 31, 2019 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate:
 No fiscal impact to the State Treasurer's Office

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFA: 2/1/19		
Approved by: Tony Fulton			Date Prepared: 1/31/19		Phone: 471-5896	
	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$214,881	\$0	\$44,300	(\$586,000)	\$43,400	(\$1,296,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$214,881	\$0	\$44,300	(\$586,000)	\$43,400	(\$1,296,000)

LB 545 amends § 77-2716 to allow a participant in the Nebraska educational savings plan trust to take as a reduction against federal adjusted gross income or federal taxable income, pursuant to § 77-2716, employer contributions that are made to the participant’s account for taxable years beginning or deemed to begin on or after January 1, 2020. “Employer contribution” is defined as a contribution that is made by an employer to the account of a participant who is an employee of such employer.

Also, LB 545 creates a new section under the Nebraska Revenue Act that requires the Tax Commissioner to add a space to the individual income tax return in which a taxpayer may designate any amount of a refund that is due as a contribution to an account established under the Nebraska educational savings plan trust, beginning with tax year 2020. Each year, the Tax Commissioner shall determine the amount of designated contributions and the State Treasurer shall transfer such amount from the General Fund to the College Savings Plan Program Fund.

The Department determined the number of employer contributions utilizing data from the National Center for Education Statistics as well as its own data to determine the number of employers who would utilize this tax deduction. The Department assumed approximately 5% of the total refund amount would be applied to a Nebraska educational savings plan trust. The estimated total reduction to the General Fund would be as follows:

FY 2019-2020	\$	0
FY 2020-2021	\$	586,000
FY 2021-2022	\$	1,296,000

LB 545 would require a one-time programming charge of \$128,481 paid to the OCIO for mainframe and web development changes. The Department would require 0.5 FTE Tax Specialist in the first year and 1.0 FTE Revenue Operations Clerk II ongoing to implement the bill.

Major Objects of Expenditure

Class Code	Classification Title	19-20	20-21	21-22	19-20	20-21	21-22
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A29621	Revenue Tax Specialist	0.5	0.0	0.0	\$25,900	\$0	\$0
S29112	Revenue Operations Clerk II	1.0	1.0	1.0	\$31,500	\$33,300	\$32,600
	Benefits.....				\$19,000	\$11,000	\$10,800
	Operating Costs.....				\$128,481		
	Travel.....						
	Capital Outlay.....				\$10,000		
	Capital Improvements.....						
	Total				\$214,881	\$44,300	\$43,400