PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 03, 2019 402-471-0059

**LB 688** 

Revision: 00

## **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	\$67,538						
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$67,538						

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

LB 688 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 bill requires the Tax Commissioner to provide information on the amount of contributions each year, and the State Treasurer must transfer the funds from the General Fund to the Nebraska educational savings plan trust with credit to each taxpayer's account. The bill also provides that NEST participation agreements must authorize a participant to contribute a specific amount of the participant's income tax refund to an account.

## Revenue:

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

FY 2019-2020 \$0 FY 2020-2021 \$0 FY 2021-2022 (\$677,000) FY 2022-2023 (\$684,000)

## **Expenditures:**

The State Treasurer estimates no cost to implement the bill. The Department of Revenue estimates a one-time programming charge of \$67,538 to OCIO for mainframe and web development costs.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 688 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: 688	AM:	AGENCY/POLT. SUB: Department of Revenue	9			
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.						

TOTAL.....

<b>LB</b> <sup>(1)</sup>	688						FISCAL NOTE
State Ag	gency OR P	olitical Subdivision Name: <sup>[2</sup>	State	Treasurer			
Prepare	ed by: (3)	Jason Walters	Da	te Prepared: <sup>(4)</sup>	February 1, 2019	Phone: (5)	402-471-2793
•	J			_			
		ESTIMATE PRO	VIDED BY	( STATE AGEN	NCY OR POLITICA	T SORDIAIS	SION
		<u>EXPENDITURE</u>	<u>Y 2019-20</u> <u>CS</u>	<u>REVENUE</u>	EXPENDIT	<u>FY 2020</u> URES	<u>PEVENUE</u>
GENEI	RAL FUNI	DS					
CASH 1	FUNDS						
FEDER	AL FUNI	os					
OTHE	R FUNDS						
	L FUNDS						
	ation of Escal impac	t to the State Treasurer				VO.	
Person	al Services		WN BY N	<u>iajor object</u>	S OF EXPENDITU	<u>JRE</u>	
			NUMBER 19-20	OF POSITION  20-21	S 2019-20 <u>EXPENDIT</u>		2020-21 EXPENDITURES
Benefit	s			_	<del>-</del>		
Operati	ing						
Travel.							
Capital	outlay						
Aid							
Capital	improven	nents					

		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 202	21-2022
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$67,538	\$0	\$0	\$0	\$0	(\$677,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$67,538	\$0	\$0	\$0	\$0	(\$677,000)

LB 688 allows an individual to designate any portion of their individual income tax refund to an account with the Nebraska educational savings plan. Starting tax year 2020, the Nebraska individual income tax forms would be changed to include a line for this election. The Tax Commissioner would be responsible for notifying the State Treasurer of the contribution amounts, and the State Treasurer would be responsible for transferring the funds from the General Fund to the Nebraska educational savings plan trust.

The Department assumed approximately 5% of the total refund amount would go into educational trust funds. The estimated reduction to General Fund revenues would be as follows:

FY 2019-2020	\$ 0
FY 2020-2021	\$ 0
FY 2021-2022	\$ 677,000
FY 2022-2023	\$ 684,000

The elections for tax year 2020 will be made on the tax form filed in 2021. The amount of the elections will be exempt from state income tax in tax year 2021. These will be filed in early 2022, delaying the impact to General Fund revenues until FY 2021-2022.

LB 688 would require a one-time programming charge of \$67,538 paid to the OCIO for mainframe and web development changes. The Department can administer this bill with existing staff.

Major Objects of Expenditure								
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures	
D (".								
					\$67,538			
Capital Outlay								
Capital Improvements  Total		•••••		······································	\$67,538			