

PREPARED BY: Keisha Patent  
 DATE PREPARED: January 24, 2020  
 PHONE: 402-471-0059

**LB 805**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$105,468			(\$2,390,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$105,468			(\$2,390,000)

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

LB 805 amends the Revenue Act of 1967 to provide a deduction to federal adjusted gross income, or for corporations and fiduciaries, federal taxable income, equal to 65% of wages paid by the taxpayer to an individual convicted of a felony. The deduction is available for wages paid in the first year of employment and cannot exceed \$20,000 per individual. The deduction is available for tax years beginning on or after January 1, 2021.

**Revenue:**

The Department of Revenue estimates revenue to the General Fund as follows:

FY20-21 \$0  
 FY21-22 (\$2,390,000)  
 FY22-23 (\$2,406,000)

**Expenditures:**

The Department of Revenue estimates LB 805 will require a one-time programming charge of \$105,468 to OCIO for mainframe and web development changes.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 805	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 01/27/2020	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact.			

**State Agency Estimate**

State Agency Name: Department of Revenue

Date Due LFA:

Approved by: Tony Fulton

Date Prepared:

Phone: 471-5896

	<b>FY 2020-2021</b>		<b>FY 2021-2022</b>		<b>FY 2022-2023</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$105,468	\$0	\$0	(\$2,390,000)	\$0	(\$2,406,000)
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$105,468</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,390,000)</b>	<b>\$0</b>	<b>(\$2,406,000)</b>

LB 805 amends Neb. Rev. Stat. § 77-2716 to allow a deduction from federal adjusted gross income or, for corporations and fiduciaries—federal taxable income, in the amount of 65% of the wages paid in the first 12 months of employment to a person who has been previously convicted of a felony in any state. The total deduction with respect to any one employee shall not exceed \$20,000.

The Department estimates that LB 805 would reduce the General Fund revenues as follows:

FY20-21	\$	-
FY21-22	\$	2,390,000
FY22-23	\$	2,406,000

The deduction is available for tax years beginning on or after January 1, 2021.

LB 805 will require a one-time programming charge of \$105,468 paid to the OCIO for mainframe and web development changes. It is estimated that there will be minimal costs to the Department to implement this bill.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$105,468		
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	<b>Total.....</b>				\$105,468		