

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$182,810		\$28,000	(\$2,500,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$182,810		\$28,000	(\$2,500,000)

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

LB 272 seeks to adopt the Apprenticeship Training Program Tax Credit Act (Act). The Act is to be administered by the Department of Revenue. The Act defines a qualifying apprenticeship training program as:

- a program administered pursuant to 29 U.S.C. 50;
- Consists of between 1200 and 8000 hours of on-the-job training;
- Is certified in accordance with regulations adopted by the Office of Apprenticeship of the US Department of Labor; and
- Is administered by trustees.

Starting in January 1, 2022, and for taxable years thereafter, between November 1 and December 31 of each year, a qualifying taxpayer that employs one or more apprentices in a qualified apprenticeship training program can apply to the Department to receive a nonrefundable income tax credit equal to the following:

- \$1 multiplied by the number of hours expected to be worked by each employed apprentice in a qualifying apprenticeship training program.
- For each apprentice employed, the tax credit received is not to exceed either (a) \$2000, or (b) 50% of the total wages expected to be paid to the apprentice, whichever is less.

The Act allows any unused credit to be carried forward to subsequent years until fully utilized.

The Department of Revenue is to create the application, assess each application, certify the credit amount, and process tax credits on each qualifying taxpayer's tax return form. The Department is limited to certifying up to \$2.5 million in tax credits per calendar year.

LB 272 becomes operative 3 months after adjournment.

Revenue:

The Department of Revenue estimates the tax credit will be fully utilized if enacted. This would create a General Fund revenue loss of \$2.5 million beginning in FY22-23 and thereafter.

There is no basis to disagree with this estimate.

Expenditures:

The Department of Revenue estimates a one-time OCIO charge of \$104,910 to implement LB 272. Additionally, the department expects to need a 0.5 FTE Revenue Tax Specialist in FY21-22 and a 0.5 FTE Fiscal Compliance Analyst in each year following.

There is no basis to disagree with these estimates.

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

FY 2021-2022	\$ -
FY 2022-2023	\$ 2,500,000
FY 2023-2024	\$ 2,500,000
FY 2024-2025	\$ 2,500,000
FY 2025-2026	\$ 2,500,000

LB 272 would require a one-time programming charge of \$ 104,910 paid to the OCIO for mainframe and web development changes. The Department will require 0.5 FTE Revenue Tax Specialist in the first year of implementation and 0.5 FTE Fiscal Compliance Analyst in subsequent years.

The operative date for this bill is 3 months after adjournment.