

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$328,790		\$419,062	(\$7,339,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$328,790		\$419,062	(\$7,339,000)

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

LB 982 adopts the Education Savings Account Act. The bill defines terms, including education savings account, designated beneficiary, eligible school, and qualified expenses. The act is to be administered by the Department of Revenue (DOR).

An account is available to a parent or legal guardian of an eligible student. The account owner must then notify DOR of the financial institution where the account is located, they type of account, and the designated beneficiary (student) on the account.

The education savings account is to be used by the account owner to pay for qualified expenses, which include tuition, books, computers, entrance exams, etc. The account owner may notify DOR to change the designated beneficiary at any time.

Contributions to this education savings account are limited to \$2,000 per year. The contributor is not limited to the account owner, and can be any natural person or business.

Distributions are allowed for qualified expenses, as defined under the Act. Distributions for nonqualified expenses are subject to a 10% penalty on the amount of the expense. The account's balance must be fully distributed before the designated beneficiary graduates from high school.

Revenue:

DOR estimates the following impact to the General Fund:

FY22-23	\$0
FY23-24	(\$7,339,000)
FY24-25	(\$7,721,000)

Expenditures:

DOR estimates the need to develop a novel tracking system, adding lines to the tax forms, and creating a new schedule, as well as contracting for temporary employees for four months each year. Estimates costs are \$328,790 in FY 22-23, \$419,062 in FY 23-24, and \$50,955 in FY 24-25.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 982	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 3/1/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 982.		

DOR assumes that most of the revenue impact proposed by LB 982 would result from beneficiaries attending private, parochial, or denominational schools. Using data on school expenditures and enrollment from the National Center for Education Statistics, DOR estimates the following reduction to General Fund revenues:

FY 2022-23	\$	0
FY 2023-24	\$	7,339,000
FY 2024-25	\$	7,721,000

LB 982 becomes operative for tax years on and after January 1, 2023.

LB 982 would require developing a novel tracking system, adding lines to the 1040N, 1041N, NebFile, 1120N, and creating a new schedule. Additionally, DOR will also need to contract with Department of Administrative Services an additional temporary employee for four months each year. The estimated costs total to \$328,790 in FY 2022-2023, \$419,062 in FY 2023-2024 and \$50,955 in FY 2024-2025.