PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 29, 2025 402-471-0051

LB 391

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2025-26 FY 2026-27							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$98,687			(\$46,000)				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS		\$1,000,000	\$1,000,000	\$1,333,000				
TOTAL FUNDS	\$98,687	\$1,000,000	\$1,000,000	\$1,287,000				

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

LB 391 establishes the Give to Enable Scholarship Act.

The bill establishes a Trust Fund to be known as the Give to Enable Scholarship Fund. The Fund shall be administered by the State Treasurer. The State Treasurer shall accept contributions from any private individual or private entity and shall credit all such contributions received to the Give to Enable Scholarship Fund for the purpose of providing an ongoing source of funding for the program. No General Funds shall be transferred to the Give to Enable Scholarship Fund. Any money in the Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

The bill creates the Give to Enable Scholarship Program. The program shall begin on January 1, 2026, and shall be implemented and administered by the State Treasurer. The purpose of the program is stated in the bill to promote access to accounts by establishing accounts using distributions from the Give to Enable Scholarship Fund. Such accounts may then be used to pay the qualified disability expenses of qualified individuals.

Beginning January 1, 2026, any qualified individual shall be eligible to participate in the Give to Enable Scholarship program. In order to participate in the program, a qualified individual shall submit an application for an account to the State Treasurer on forms prescribed by the State Treasurer. The State Treasurer shall accept applications from January 1 to June 1 of each year beginning in 2026. The State Treasurer may approve as many applications as funding for the program allows for each calendar year. Accounts shall be established on or before April 1 of the year following the year the application is approved and shall be funded with no less than the minimum amount required to open an account or such greater amount as determined by the State Treasurer in his or her sole discretion.

The State Treasurer may adopt and promulgate rules and regulations to carry out the Act.

The bill adds that federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced by any contributions to the Give to Enable Scholarship Fund.

The Department of Revenue (DOR) estimates General Fund revenue losses and the State Treasurer estimates contributions into the Trust Fund created under this Act and corresponding expenditures for those Trust Funds. We disagree with these estimates except for the timing of the revenues and expenditures by the State Treasurer.

We estimate fewer contributions than the DOR and estimate the following General Fund revenue loss as a result of the bill:

- FY26: \$0
- FY27: (\$46,000)
- FY28: (\$53,000)
- FY29: (\$67,000)

Thus, we estimate contributions into the Trust Fund of \$1 million in FY26 and expended in FY27 and revenue into the Trust Fund of \$1,333,000 in FY27.

The DOR also estimates a one-time programming charge of \$98,687 to be paid to the Office of the Chief Information Officer (OCIO) as a result of the bill.

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The Nebraska Investment Council estimates a need for 1/8 FTE Senior Portfolio Manager as a result of the bill. We estimate that the duties required for the Nebraska Investment Council from this bill can be absorbed with current resources.

ADMINIS	STRATIVE SERVICES	STATE BUDGET DIVISION: RE	VIEW OF AGENCY & POLT. SUB. RESPONSE
LB: 391	AM:	AGENCY/POLT. SUB: Dep	partment of Revenue
REVIEWED E	BY: Kimberly Burns	DATE: 01/28/2025	PHONE: (402) 471-4171
COMMENTS:		evenue's estimate of fiscal impa	ct from LB 391 appears reasonable, given the

LB 0391 Fiscal Note 2025

State Agency Estimate						
Revenue				Date Due LFO:		
	Date Prepared:	01/27/2025		Phone: 471-5896		
FY 2025-	-2026	FY 2026	-2027	FY 2027	-2028	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
\$98,687			(\$137,000)		(\$160,000)	
\$98,687	_		(\$137,000)		(\$160,000)	
	Expenditures \$98,687	Revenue Date Prepared: FY 2025-2026 Expenditures Revenue \$98,687	Date Prepared: 01/27/2025 FY 2025-2026 FY 2026 Expenditures Revenue Expenditures S98,687	Date Prepared: 01/27/2025 Style="block" Style=	Revenue Date Due LFO: Date Prepared: 01/27/2025 Phone: 471-5896 FY 2025-2026 FY 2026-2027 FY 2027 Expenditures Revenue Expenditures \$98,687 (\$137,000)	

LB 391 establishes the Give to Enable Scholarship Act (Act). This Act gives the State Treasurer Office (STO) authority to establish and administer a trust fund known as the Give to Enable Scholarship Fund (Fund). Beginning January 1, 2026, STO will accept contributions from private individuals and entities to credit the Fund to provide funding to establish accounts and distribute funding for qualifying individuals with a disability as defined in section 77-1401. No general funds are to be used. The contributors to the Fund are allowed a decreasing adjustment to the federal adjusted gross income, or for corporations and fiduciaries, to the federal taxable income for the contribution amount.

STO will accept applications from qualified individuals that do not have an account at the time the application is approved by the STO. STO will accept applications from January 1 to June 1 of each year beginning in 2026. Applications will include information necessary to certify the applicant's status as a qualified individual, applicants' personal information to establish an account, and any other information required by STO.

If STO determines the applicant qualifies, the STO will approve the application and notify the applicant of the approval. STO may approve as many applications as funding for the program allows for each calendar year. The accounts will be established on or before April 1 of the following year the application is approved and funded with no less than the minimum amount required to open an account or greater amount as determined by STO in his or her sole discretion. STO gives authority to adopt and promulgate rules and regulations to carry out the Act.

It is estimated that this bill will have the following fiscal impacts on General Fund revenues:

	General Fund		
	revenues		
FY 25-26			
FY 26-27	(\$137,000)		
FY 27-28	(\$160,000)		
FY 28-29	(\$200,000)		

Major Objects of Expenditure							
Class Code	Classification Title	25-26 <u>FTE</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
Benefits							
Operating Costs					\$98,687		
Travel							
	ts	• • • • • • • • • • • • • • • • • • • •					
Total					\$98,687		

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LB 391 will require a one-time programming charge of \$98,687 paid to the OCIO for mainframe application development, reconfiguring IIT Schedule and adding lines to NebFile for Individuals.

The operative date of this bill is January 1, 2026.

LB ⁽¹⁾ 391				FISCAL NOTE
State Agency OR Political Subd	ivision Name: (2)	ate Treasurer		
Prepared by: (3) Jason Wa	ılters	Date Prepared: (4)	anuary 27, 2025 Pho	one: (5) 402-471-2793
EST	IMATE PROVIDED	BY STATE AGENC	Y OR POLITICAL SUI	BDIVISION
	FY 2025	5-26	E.	Y 2026-27
EX	KPENDITURES	<u>REVENUE</u>	<u>EXPENDITURES</u>	
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS		7,000	7,000	7,000
TOTAL FUNDS		7,000	7,000	7,000
Qualified individuals may a January 1 to June 1 of each established, on or before aby the State Treasurer. The work to administer thin need to add any FTE or to in contributions during FY. In FY 2025-26, the Treasure approved during this time accounts will not take place April 1, 2027 will be equal	apply to the State 1 ch year, beginning April 1 of the year f is program will be a program will be a program will be a program will be a concrease operation 2025-26 and FY 2 urer's Office will account and account of contract of the state o	in 2026. An approvious collowing the year the absorbed by existing nal expenses. The 026-27. The properties of the prop	red application shall he application is appropriate application is appropriate application is appropriate appropriate application is appropriate application appropriate application is application application in application is application in application is application is application is application is application in application is application in application is application is application is application is application in application is application in application is application in application is application in application in application is application application application in application is application	nave an account oved and shall be funded staff. There won't be a stimates receiving \$7,000. Applications received and Distributions to these stributed on or before
Personal Services:	BREAKDOWN BY	Y MAJOR OBJECTS	<u>OF EXPENDITURE</u>	
POSITION TITLE		ER OF POSITIONS 26 26-27	2025-26 EXPENDITURES	2026-27 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				

LB ⁽¹⁾ 391				FISCAL NOTE
State Agency OR P	olitical Subdivision Name: (2)	Nebraska Investm	ent Council	
Prepared by: (3)	Ellen Hung, SIO	Date Prepared: (4)	1-28-2025 Phone:	: (5) 402-471-2001
	ESTIMATE PROVID	DED BY STATE AGEN	CY OR POLITICAL SUBDI	VISION
	FY	2025-26	FY 9	2026-27
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNI	os			
CASH FUNDS	32,310		33,925	
FEDERAL FUNI	os			
OTHER FUNDS				
TOTAL FUNDS	32,310		33,925	

Explanation of Estimate:

The Nebraska Investment Council (Council) is responsible for approving the investment options of Enable accounts offered to participants in the Plan. LB391 creates the Give to Enable Scholarship Act which establishes both a scholarship program and fund and includes tax deductions for individuals and entities who contribute to this scholarship fund. The Council would have to do the following for the new scholarship fund:

- 1. Approve an appropriate asset allocation for the fund.
- 2. Determine account structure based on the approved asset allocation.
- 3. Monitor contributions & fulfill distribution requests as received.
- 4. Produce quarterly reports on performance.
- 5. Calculate quarterly income distributions for the fund as needed.

This would require additional staff (1/8 of a senior portfolio manager) for the added responsibilities.

RREAKDO	WN RV MAI	OR ORIFCTS OF	EXPENDITURE	-
Personal Services:	OWN DI MAJ	JR OBJECTS OF	EXIENDITURE	
POSITION TITLE	NUMBER OI 25-26	F POSITIONS 26-27	2025-26 EXPENDITURES	2026-27 EXPENDITURES
Senior Portfolio Manager	1/8	1/8	28,000	29,400
Benefits			4,310	4,525
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL			32 310	33 925