

Updated for the 2010 Session; includes amendments adopted to date.

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$131,770	(\$3,220,000)	\$19,230	(\$3,179,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$131,770	(\$3,220,000)	\$19,230	(\$3,179,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 405 makes a number of changes to the statutes providing tax credits for planned gifts or contributions to an endowment fund of a Nebraska incorporated or established organization.

The bill amends current statute, section 77-27,230, to increase the income tax credit for a planned gift made by a resident individual from 15% to 50% with the maximum amount cap increased from \$5,000 per tax year to \$10,000 or the amount of tentative credit approved, whichever amount is less. Also allows the credit to be carried forward for a period of 5 years after the tax year in which the planned gift was made.

The bill adds new language that allows an income tax credit of 25% of any contribution by an individual, other than a planned gift, and provides that the maximum credit is either \$10,000 or the amount of tentative credit, whichever is less. The credit cannot exceed the tax liability and may be carried forward for five years.

Amends section 77-27,231 regarding gifts from small business corporations, partnerships, or limited liability companies to increase the maximum amount of credit to \$10,000 or the amount of tentative credit approved, whichever is less. Also allows the credit to be carried forward 5 years.

In section 77-27,232, the bill increases the amount of credit that a corporation not taxed as a subchapter S corporation making a contribution to a qualified endowment may receive to 25%, and changes the maximum amount of the credit from \$5,000 to \$10,000 or the amount of tentative credit approved, whichever is less. These credits may also be carried forward 5 years.

Section 77-27,233 dealing with contributions by a resident estate or trust is amended to increase the maximum credit from \$5,000 to \$10,000 or the amount of tentative credit approved, whichever is less. The credit allowed is not to exceed the tax liability and may be carried forward 5 years.

Adds new language requiring that a taxpayer must file an application for the credits authorized in current statute and by this bill with the Department of Revenue. Provides that if the Department determines that the application meets the requirements of law, it shall approve the application and authorize tentative credits. Such applications shall be considered in the order they are received by the Department and no more than \$3,500,000 of tentative credits may be approved per calendar year. Credits shall be prorated among the approved applications filed on the day the credit limit is exceeded.

The sunset date of the act is extended from January 1, 2010 to January 1, 2016 but credits earned prior to that date may be carried forward as provided.

There is no basis to disagree with the Dept. of Revenue estimated reduction of General Fund receipts by \$3.220 million, \$3.179 million, and \$3.102 million, in FY2010-11 through FY2012-13, respectively. There is also no basis to disagree with the Department's estimates on the costs to implement LB 405, which include one-time computer programming costs and 0.5 FTE.