

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	80,700	See Below	10,900	See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>80,700</b>	<b>See Below</b>	<b>10,900</b>	<b>See Below</b>

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

LB 531 provides a \$5,000 refundable income tax credit to any “small employer” who provides a health insurance plan for its employees and pays a portion of the cost of the plan. A small employer is defined as a taxpayer who employs 25 or fewer full-time equivalent employees in Nebraska.

The credit is potentially available to any individual, corporation, estate or trust, financial institution paying the financial institutions tax, and insurance company paying the premiums or retaliatory tax, provided it meets the definition of “small employer” specified above. The bill does not provide a definition for “health insurance plan” or a minimum contribution amount.

Based on the approximately 95,000 taxpayers that could potentially take advantage of the credit, the estimated revenue impact would likely fall in the range of (\$150,000,000) to (\$475,000,000) per year.

The Department estimates \$80,700 of programming costs will be incurred in order for additional lines to be added to the Income Tax returns and schedules. The remainder of the costs are associated with ongoing personnel expenses.

<b>Expense Items</b>	<b>FY08</b>	<b>FY09</b>
Revenue Agent (0.25 FTE)		7,500
Office Clerk (0.1 FTE)		2,000
Benefits		1,400
Operating Expenses	80,700	
<b>Total</b>	<b>80,700</b>	<b>10,900</b>

IMPACT ON POLITICAL SUBDIVISIONS: This bill does not appear to have a material fiscal impact on political subdivisions.