PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 12, 2024 402-471-0051

LB 1403

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | | | |
|--|--------------|---------|--------------|---------|--|--|
| | FY 2024-25 | | FY 2025-26 | | | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE | | |
| GENERAL FUNDS | \$35,577 | | | | | |
| CASH FUNDS | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER FUNDS | | | | | | |
| TOTAL FUNDS | \$35,577 | | | | | |

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

LB 1403 would make changes so that credits under the Opportunity Scholarships Act could apply to the premiums tax on insurance companies and the franchise tax on financial institutions.

The bill would amend the Opportunity Scholarships Act definitions to change the meaning of education scholarship to mean a financial grant-in-aid to be used to pay the cost to educate an eligible student attending a qualified school, add the definition of tax credit to mean a credit that may be used against any income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed pursuant to section 77-907 to 77-918 or 77-3801 to 77-3807, and delete the term tuition. The bill would make changes so that an eligible student would include a resident of Nebraska who is receiving an education scholarship for the first time and is entering 6th grade.

The bill would also make changes regarding the information the scholarship-granting organization applicant would need to provide the Department of Revenue (DOR). The applicant would need to limit the maximum scholarship amount awarded to any student to the cost necessary to educate the eligible student at the qualified school such student attends.

The DOR estimates no impact to General Fund revenues as a result of this bill.

The DOR does estimate a one-time cost of \$35,577 to be paid to the Office of the Chief Information Officer (OCIO) for changes needed as a result of this bill.

There is no basis to disagree with these estimates.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | | | |
|--|-----------------|-------------------------|---|--|--|
| LB: 1403 | AM: | AGENCY/POLT. SUB: Depar | AGENCY/POLT. SUB: Department of Revenue | | |
| REVIEWED BY | : Neil Sullivan | DATE: 2/9/2024 | PHONE: (402) 471-4179 | | |
| COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1403 appears reasonable. | | | | | |

LB 1403 Fiscal Note 2024

| State Agency Estimate | | | | | | | |
|----------------------------------|---------------------------|----------------|---------------|--------------|---------------------|---------|--|
| State Agency Name: Department of | of Revenue | | | | Date Due LFO: | | |
| Approved by: James R. Kamm | | Date Prepared: | LEAVE BLA | ANK | Phone: 471-5896 | | |
| | FY 2024-2025 FY 2025-2026 | | <u>5-2026</u> | FY 2026-2027 | | | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue | |
| General Funds | \$35,577 | \$ 0 | | \$ 0 | | \$ 0 | |
| Cash Funds | | | | | | | |
| Federal Funds | | | | | | | |
| Other Funds | | | | | | | |
| Total Funds | \$35,577 | \$ 0 | | \$ 0 | | \$ 0 | |
| | | | | | | | |

LB 1403 amends Neb. Rev. Stat. §§ 77-7103 through 77-7109, the Opportunity Scholarships Act (Act) statutes as follows.

LB 1403 amends Neb. Rev. Stat. § 77-908 and Neb. Rev. Stat. § 77-3806 to expand the nonrefundable credit allowed under the Act to be applied against the franchise tax imposed on financial institutions and the premiums tax imposed on insurance companies.

LB 1403 amends the following definitions in Neb. Rev. Stat. § 77-7103. It redefines education scholarship to a financial grant-in-aid to be used to pay the cost to educate an eligible student; and strikes the definition of tuition. It also would add sixth graders to the definition of eligible student. The bill adds the definition of "tax credit" as a credit that may be used against any income tax imposed by the Nebraska Revenue Act of 1967, or any tax imposed pursuant to Neb. Rev. Stat. §§ 77-907 to 77-918, or 77-3801 to 77-3807.

There is also a change to Neb. Rev. Stat. § 77-7104(f), which changes the limit on the maximum scholarship amount awarded to any student to be the cost necessary to educate the eligible student.

It is estimated that this bill will have no impact on General Fund revenues.

LB 1403 will require a one-time charge of \$35,577 paid to the OCIO for adding a line to 1120NF and change to Business MeF system.

| Major Objects of Expenditure | | | | | | | |
|-------------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Class Code | Classification Title | 24-25 <u>FTE</u> | 25-26 <u>FTE</u> | 26-27 <u>FTE</u> | 24-25 Expenditures | 25-26 Expenditures | 26-27 Expenditures |
| | | | | | | | |
| | | | | | | | |
| Benefits | | | | | | | |
| Operating Costs | | | | | \$35,577 | | |
| Capital Outlay | | | | | | | |
| Capital Improvements. Total. | | | | \$35,577 | | | |