PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 25, 2015 402-471-0051

**LB 495** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2015-16		FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		\$0		(\$10,330,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		\$0		(\$10,330,000)			

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

LB 495 amends Nebraska Revised Statutes Section 77-2715.07 to increase the amount of a refundable credit against Nebraska income tax.

The bill increases the Nebraska earned income tax credit from its current level of 10% of the federal credit to 13% of the federal credit for tax year 2016 and 15% of the federal credit for tax year 2017 and thereafter.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 495:

FY2015-16: \$ 0 FY2016-17: (\$ 10,330,000) FY2017-18: (\$ 17,860,000) FY2018-19: (\$ 18,528,000)

The Department of Revenue indicates the cost to implement LB 495 will be minimal.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact and cost.

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	3/2/2015	
Approved by: Len Sloup		Date Prepared:	3/2/2015		Phone: 471-5896		
FY 2015-2016		FY 2016-2017		FY 2017-2018			
	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	<b>Expenditures</b>	Revenue	
General Funds	\$0	\$0	\$0	\$(10,330,000)	\$0	\$(17,860,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$0	\$0	\$0	\$(10,330,000)	\$0	\$(17,860,000)	

LB 495 increases the amount of the refundable earned income tax credit to 13% of the federal credit for tax year 2016 and 15% for tax years beginning on or after January 1, 2017.

The Department estimates the reduction to the General Fund revenues as follows:

FY 2015-2016	\$ 0
FY 2016-2017	\$ 10,330,000
FY 2017-2018	\$ 17,860,000
FY 2018-2019	\$ 18,528,000

The Department's cost to implement LB 495 is estimated to be minimal.

Major Objects of Expenditure							
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures
Benefits							
Operating Costs	Operating Costs.						
Travel	Travel						
Capital Outlay							
Aid							
Capital Improvemen	nts						