

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$183,731		\$27,700	(\$2,500,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$183,731		\$27,700	(\$2,500,000)

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

LB 272 adopts the Apprenticeship Training Program Tax Credit Act. The act provides nonrefundable tax credits to taxpayers who employ one or more apprentices as part of a qualified apprenticeship training program. Taxpayers can apply from November 1 to December 31 to receive credits for the estimated number of apprentices employed the following year. The tax credit is equal to one dollar multiplied by the total hours estimated to be worked by apprentices employed by the taxpayer, but for each apprentice, cannot exceed \$2,000 or 50% of the total wages paid to the apprentice, whichever is less.

The Department of Revenue must review applications in the order they are received and can approve up to \$2.5 million in tax credits in a calendar year. The Department must provide a certification of the credit to the taxpayer, and the taxpayer can claim the credit by attaching the certification to the taxpayer’s tax return. Any tax credit claimed but not used can be carried forward to subsequent years until fully used. The Department may adopt rules and regulations to carry out the act.

The tax credit is available for tax years beginning on or after January 1, 2020.

Revenue:

The Department of Revenue estimates revenue to the General Fund as follows:

FY 2019-2020	\$0
FY 2020-2021	(\$2,500,000)
FY 2021-2022	(\$2,500,000)
FY 2022-2023	(\$2,500,000)
FY 2022-2023	(\$2,500,000)

Expenditures:

The Department of Revenue estimates a one-time programming charge of \$101,831 to OCIO for mainframe and web development changes. The Department also estimates additional IT contractors to implement an IT application to track the credits. The OCIO estimates additional cost of \$47,500 for hiring contractors. The Department requires 0.5 FTE Revenue Tax Specialist in the first year of implementation and 0.5 FTE Fiscal Compliance Analyst in subsequent years.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 272	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Lee Will	DATE: 1/31/2019	PHONE: (402) 471-4175
COMMENTS: Concur with the Department of Revenue’s assessment of fiscal impact.		

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 1/29/19				
Approved by: Tony Fulton		Date Prepared: 1/25/19				
		Phone: 471-5896				
	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$183,731	\$0	\$27,700	(\$2,500,000)	\$27,100	(\$2,500,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$183,731	\$0	\$27,700	(\$2,500,000)	\$27,100	(\$2,500,000)

LB 272 provides a nonrefundable income tax credit, for taxable years beginning or deemed to begin on or after January 1, 2020, for wages paid to qualified apprentices. An employer must apply for the tax credit and estimate the total number of apprentices that will be employed, the number of hours expected to be worked by each apprentice, and the total wages expected to be paid to each apprentice during the following calendar year.

The Department must review and approve the application and certify the amount of tax credits for the employer. The Department will consider the applications in the order received and may approve up to \$2,500,000 in tax credits per calendar year. The employer must file the certification of tax credits with its tax return. Any tax credits claimed, but not used may be carried forward until fully utilized.

The tax credit is equal to one dollar multiplied by the total number of hours expected to be worked during the following calendar year by apprentices employed by the taxpayer, except that the amount of credit with regard to any individual apprentice will not exceed \$2,000 or 50% of the total wages paid to the apprentice during the following calendar year, whichever is less.

A qualified apprenticeship training program is defined as a program that is administered pursuant to 29 U.S.C. 50; consist of at least 1,200 hours but not more than 8,000 hours of on-the-job apprenticeship training in the construction trades; certified in accordance with regulations adopted by the Office of Apprenticeship of the United States Department of Labor; and is administered by trustees.

The estimated total reduction to the General Fund revenues would be as follows:

FY 2019-2020	\$	-
FY 2020-2021	\$	2,500,000
FY 2021-2022	\$	2,500,000
FY 2022-2023	\$	2,500,000
FY 2022-2023	\$	2,500,000

LB 272 would require a one-time programming charge of \$101,831 paid to the OCIO for mainframe and web development changes. The Department would need to hire IT contractors to implement an IT application for LB 272 to track credits. The OCIO estimates an additional cost for hiring contractors of \$47,500 to implement the application. The Department will require 0.5 FTE Revenue Tax Specialist in the first year of implementation and 0.5 FTE Fiscal Compliance Analyst in subsequent years.

Major Objects of Expenditure

Class Code	Classification Title	19-20	20-21	21-22	19-20	20-21	21-22
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A21211	Fiscal Compliance Analyst	0.0	0.5	0.5	\$0	\$20,800	\$20,400
A29621	Revenue Tax Specialist	0.5	0.0	0.0	\$25,900	\$0	\$0
Benefits.....					\$8,500	\$6,900	\$6,700
Operating Costs.....					\$149,331		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....					\$183,731	\$27,700	\$27,100