PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 10, 2022 402-471-0059

LB 1272

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 2022-23 FY 2023-24								
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS	\$61,873	(\$5,939,000)		(\$4,333,000)					
CASH FUNDS		(\$31,000)		(\$31,480)					
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	\$61,873	(\$5,970,000)		(\$4,364,480)					

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

LB 1272 provides for a refundable income tax credit for law enforcement officers. Beginning in tax year 2022, a law enforcement officer would be able to claim a credit amount based on the years of the officer has served, as follows:

Less than 5 years: \$250
5 to 10 years: \$500
10 to 15 years: \$750
15 to 20 years: \$1,000
20 to 25 years: \$1,500
25 to 30 years: \$2,000
More than 30 years: \$2,500

Additionally, LB 1272 increases the tuition waiver entitled to law enforcement officers on resident tuition. The amount waived would be increased from 30% to 100%. Requirements for receiving this waiver remain the same.

The bill has the emergency clause.

REVENUE:

The Department of Revenue estimates the following impact on the General Fund due to the income tax credit:

FY22-23	(\$5,939,000)
FY23-24	(\$4,433,000)
FY24-25	(\$4,463,000)

The estimate includes a larger impact in FY22-23 due to the timing of claiming the tax year 2022 credit: the impact effectively includes 17 months because taxpayers are unlikely to adjust their withholding during 2022, but rather claim the credit when the return is filed in 2023. There is no basis to disagree with this estimate.

The department estimates minimal reduction in the General Fund due to the increase in the tuition waver.

The increase in the percentage of the tuition waiver will result in a reduction in Cash Fund revenue to the University of Nebraska by about \$15,000 per year and to the Nebraska State College System by approximately \$16,000 per year, along with a percentage growth in tuition each year. Metropolitan Community College estimates the waiver increase would reduce tuition revenue by approximately \$2500 per year. We assume there will be minimal reductions in tuition revenue at other community colleges as well. As community colleges are political subdivisions, the revenue changes to those entities are not reflected in the chart above.

EXPENDITURES:

The Department of Revenue estimates a one-time charge for programming to OCIO of \$105,660.

There is no basis to disagree with these estimates.

LB: 1272 AM: AGENCY/POLT. SUB: Department of Revenue				
REVIEWED BY: Neil Sullivan DATE: 2/14/2022 PHONE: (402) 471-4179				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 1272 AM: AGENCY/POLT. SUB: University of Nebraska					
REVIEWED BY:	Neil Sullivan	DATE: 2/1/2022	PHONE: (402) 471-4179		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1272	AM:	AGENCY/POLT. SUB: Metropo	litan Community College				
REVIEWED B	Y: Neil Sullivan	DATE: 1/28/2022	PHONE: (402) 471-4179				
COMMENTS: No basis to disagree with the Metropolitan Community College assessment of fiscal impact from LB 1272.							

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1272	AM:	AGENCY/POLT. SUB: State Co	ollege System				
REVIEWED B	Y: Neil Sullivan	DATE: 1/26/2022	PHONE: (402) 471-4179				
COMMENTS: The State College System assessment of fiscal impact from LB 1272 appears reasonable.							

LB 1272 Fiscal Note 2022

	State Agency	Estimate			
of Revenue				Date Due LFO:	
	Date Prepared:	2/11/2022		Phone: 471-5896	
FY 2022	2-2023	FY 2023	3-2024	FY 202	4-2025
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
\$61,873	(\$ 5,939,000)		(\$ 4,333,000)		(\$ 4,463,000)
\$61,873	(\$ 5,939,000)		(\$ 4,333,000)		(\$ 4,463,000)
	Expenditures \$61,873	Date Prepared: FY 2022-2023	Date Prepared: 2/11/2022 FY 2022-2023 FY 202.	Date Prepared: 2/11/2022 FY 2022-2023 FY 2023-2024	Date Due LFO: Date Prepared: 2/11/2022 Phone: 471-5896 FY 2022-2023 FY 2023-2024 FY 202 Expenditures Revenue Expenditures Expenditures \$61,873 (\$ 5,939,000) (\$ 4,333,000) (\$ 4,333,000)

LB 1272 amends Neb. Rev. Stat. §77-2715.07 to provide a refundable income tax credit to law enforcement officers as defined in §81-1401. The credit amount is based on the number of years the officer has served:

- \$250 for less than five years of service;
- \$500 for at least five years but less than ten years of service;
- \$750 for at least ten years but less than 15 years of service;
- \$1,000 for at least 15 years but less than 20 years of service;
- \$1,500 for at least 20 years but less than 25 years of service;
- \$2,000 for at least 25 years and but less 30 years of service; and
- \$2,500 for at least 30 years of service.

LB 1272 also increases the waiver of tuition charges for law enforcement officers from 30% to 100% for resident tuition at state universities and colleges that remains due after federal financial aid grants and state scholarships and grants during the officer's enrollment.

For the increase in tuition waiver proposed in LB 1272 Department of Revenue (DOR), anticipates minimal reduction in General Fund revenue. With regard to the introduced tax credit, using demographic and pay information from the Office of Personnel Management, DOR estimates the total reduction in General Fund revenue to be:

FY 2022-23	\$ 5,939,000
FY 2023-24	\$ 4,333,000
FY 2024-25	\$ 4,463,000

Fiscal Year 2022-23 shows a larger impact because the affected taxpayers are unlikely to adjust withholding in 2022 and will claim the credit when they file their 2022 tax return in early 2023. They will then likely adjust

Major Objects of Expenditure										
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures			
Benefits										
Operating Costs					\$61,873					
					_					
Capital Improvements										
Total			•••••		\$61,873					

LB 1272 page 2 Fiscal Note 2022

their withholding or estimated payment, or both beginning January 1, 2023 to reflect their reduced tax burden. The fiscal impact for FY22-23 effectively includes 17 months rather than 12 months.

LB 1272 will require a one-time programming charge of \$61,873 paid to the OCIO for the following: adding a line to Schedule I and adding a line to NebFile for Individuals.

LB 1272 becomes operative for tax years beginning on or after January 1, 2022.

Aid.....

Capital improvements.....

TOTAL.....

LB (1) FISCAL NOTE 1272 Provide an income tax credit for law enforcement officers based on years of service and change provisions relating to a waiver of tuition State Agency OR Political Subdivision Name: (2) University of Nebraska System Prepared by: (3) Chris Kabourek Date Prepared: (4) 01/31/2022 Phone:⁽⁵⁾ (402) 472-7102 ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION FY 2022-23 FY 2023-24 **EXPENDITURES EXPENDITURES REVENUE REVENUE GENERAL FUNDS** 0.00 0.00 0.00 0.00 **CASH FUNDS** 15,000.00-0.00 0.00 15,000.00-FEDERAL FUNDS 0.00 0.00 0.00 0.00 0.00 OTHER FUNDS 0.00 0.00 0.00 **TOTAL FUNDS** 0.00 15,000.00-0.00 15,000.00-**Explanation of Estimate:** LB1272, if passed, would have a minimal effect on the University of Nebraska System. This bill would change the percentage of the resident tuition waivers for law enforcement officers from 30% to 100%. The only students that this would apply to are those working toward associate or baccalaureate degrees that relate to a career in law enforcement. Historically, there have been few students using this tuition waiver, and those students are generally part-time. Even if this increases in popularity we do not envision that the cost burden will be more than \$15,000 per year across our undergraduate campuses. **BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE** Personal Services: 2023-24 NUMBER OF POSITIONS 2022-23 POSITION TITLE **EXPENDITURES EXPENDITURES** 22-23 23-24 0 0 0 0 Benefits..... Operating..... Travel..... Capital outlay.....

TOTAL.....

LB (1)	1272							FISCAL NOTE
State Ag	ency OR P	Political S	ubdivision Name: (2)	Metro	opolitan Com	munity Colle	ge	
Prepare	d by: (3)	Brenda	Schumacher	Da	te Prepared: ⁽⁴⁾	1//26/2022	Phone: (5)	531-622-2406
		I	ESTIMATE PROV	IDED BY	Y STATE AGEN	NCY OR POLIT	ΓΙCAL SUBDIVIS	SION
			FY	2022-23	<u>3</u>		FY 2023	- -24
			EXPENDITURE	<u>s</u>	REVENUE	EXPEN	DITURES	REVENUE
GENER	AL FUN	DS	2500			2	2500	
CASH F	UNDS			_				
FEDER.	AL FUNI	OS						
OTHER	R FUNDS							
TOTAL	L FUNDS		2500				2500	
Explana	tion of E	stimate						
			BREAKDO	WN BY N	MAJOR OBJECT	TS OF EXPENI	DITURE	
Persona	l Services	S:	N	NUMBER	OF POSITION	S 20	22-23	2023-24
	POSIT	ION TIT		22-23	<u>23-24</u>		<u>IDITURES</u>	EXPENDITURES
Benefits	S				_	_		
Operation	ng							
Travel								
Capital	outlay							
Aid						2	2500	2500
Capital i	improven	nents						

2500

2500

TOTAL.....

LB ⁽¹⁾	1272	2					FISCAL NOTE
State Ag	ency OR l	Political Subdivision Name: (2	, Nebra	aska State C	ollege Systen	า	
Prepare	ed by: (3)	Monte R. Kramer	Dat	te Prepared: (4)	1-24-22	Phone: (5)	402-471-2507
		ESTIMATE PRO	VIDED BY	Y STATE AGEN	NCY OR POLIT	ICAL SUBDIVIS	ION
		EX	V 0000 06	•		FY 2023	0.4
		<u>EXPENDITURE</u>	<u>Y 2022-23</u> C <u>S</u>	REVENUE	EXPEND		REVENUE
GENER	RAL FUN	DS					
CASH F	UNDS			(\$16,000)			(\$16,480)
FEDER	AL FUN	DS	_				
OTHER	R FUNDS		_				
TOTAI	L FUNDS		_			_	
The bil state son ave would l	l increas cholarsh rage tota nave be	npact estimated at \$16,0 ses the amount of tuition lips and grants. Waivers aled \$6,612 per year at t en \$22,041 per year on a rcentage increase in tuit	to be wa s represe he state a average.	nting 30% of t colleges. If the The impact is	uition for law e e waivers were	nforcement for 100% of tuition	the last five years n, the waiver value
Persona	ıl Service		WN BY M	IAJOR OBJECT	S OF EXPEND	<u>ITURE</u>	
		_	NUMBER <u>22-23</u>	OF POSITION <u>23-24</u>		2-23 DITURES	2023-24 EXPENDITURES
				_			
-	U						
Aid							
Capital	improvei	nents					