

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	See Below	See Below	See Below	See Below

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

LB 1047 would establish the Medical Debt Relief Act.

The bill would create the Medical Debt Relief Program to be administered by the State Treasurer. The State Treasurer would enter into a contract with a medical debt relief coordinator to purchase and discharge medical debt owed by eligible residents with money allocated for the program. A medical debt relief coordinator would report to the State Treasurer summary statistics regarding eligible residents whose medical debt has been discharged. A medical debt relief coordinator would continue to fulfill its contractual obligations to the State Treasurer until all money contracted to the medical debt relief coordinator is exhausted, regardless of whether money allocated to the program has been exhausted. On or before October 1, 2025 and each year after for as long as medical debt relief coordinators are fulfilling their contractual obligations under the Act, the State Treasurer would submit an annual report regarding the program.

The Act would create the Medical Debt Relief Fund. The fund would be administered by the State Treasurer and would be used to carry out the Act. The fund would consist of money transferred to the fund by the Legislature and money donated as gifts, bequests, or other contributions from public or private entities.

The State Treasurer could adopt and promulgate rules and regulations to carry out the Act.

Under the bill, for taxable years beginning on or after January 1, 2024 an individual could reduce his or her federal adjusted gross income by the amount of interest and principal balance of medical debt discharged under the Act, to the extent included in such individual's federal adjusted gross come.

Also, under the bill, for taxable years beginning on or after January 1, 2024 federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would be reduced by the amount of contributions made to the Medical Debt Relief Fund, to the extent not deducted for federal income tax purposes.

The operative date for this bill would be three months after adjournment.

LB 1047 does not specify the amount of state funds transferred into the Medical Debt Relief Fund. It is reasonable to assume that such transfer would be from the General Fund, and the amount required could be significant, depending upon the scope of the program. To the extent that any donations are received for credit to the fund, the amount of such donations would be deducted from the taxpayer's income, causing a reduction in General Fund revenue.

The State Treasurer's Office estimates that it can likely absorb any personnel and operating costs as a result of the contract detailed in the bill. However, there is estimated by the office to be costs connected to paying a contract but that cost is indeterminant.

The Department of Revenue (DOR) estimates a negative, indeterminant fiscal impact to General Fund revenues from this bill due to being unable to find reliable data sources. The DOR does estimate a one-time programming charge of \$156,874 to be paid to the Office of the Chief Information Officer (OCIO) as a result of the bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1158	AM:	AGENCY/POLT. SUB: State Treasurer
REVIEWED BY: Neil Sullivan	DATE: 2/8/2024	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the State Treasurer assessment of indeterminate impact from LB 1158.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1158	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 2/9/2024	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of indeterminate fiscal impact from LB 1158.		



LB 1158 will require a one-time programming charge of \$156,874 paid to the OCIO to add lines and schedules to the Forms 1040N, 1120N, 1120-SN, 1041N, and 1065N as well as to the NebFile and Modernized e-file online filing systems.

The operative date for this bill is three months after adjournment.

Please complete ALL (5) blanks in the first three lines.

**2024**

**LB<sup>(1)</sup> 1158**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> Jan. 22, 2024 Phone: <sup>(5)</sup> 402-471-2793

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1158 states that the State Treasurer shall enter into a contract with a Medical Debt Relief Coordinator.

The Treasurer can likely absorb any increased personnel and operating costs to manage the Medical Debt Relief Coordinator contract. There will be a fiscal impact to the Treasurer’s Office for the Medical Debt Relief Coordinator, however, the cost to hire a contractor is not known.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____