

Revised to make corrections and include update from Dept. of Revenue.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$144,534	\$0	\$33,080	(\$231,000)
CASH FUNDS				
FEDERAL FUNDS	\$28,567		\$33,080	
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$173,101</b>	<b>\$0</b>	<b>\$66,160</b>	<b>(\$231,000)</b>

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

LB 510 amends the Nebraska Revenue Act of 1967. Section 77-2701 is amended to create a nonrefundable income tax credit for the employer of any eligible employee who is a member of a family that received benefits under the federal Temporary Assistance to Needy Families program (TANF), for any 9 months of the 18-month period immediately prior to the employee’s hiring.

The amount of the credit is 20% of the employer’s annual expenditures for certain services, although the credit may not exceed the employer’s actual tax liability. Those services include the following provided to eligible employees:

- Provision of tuition at a Nebraska public institution of postsecondary education;
- Child care services;
- Transportation to and from work

The employer claiming the credit may only do so for two years.

The bill is operative for taxable years beginning on or after January 1, 2016 but we assume that the operative date will be changed to January 1, 2017 if the bill progresses.

The Department of Revenue, in consultation with the Department of Health and Human Services, is to develop a process to verify the employer’s qualifications for credits claimed under LB 510 and to report annually on the number of employers claiming a credit and number of employees receiving those services.

The Legislative Fiscal Office estimates the following fiscal impact to the General Fund as a result of LB 510:

FY2016-17:	\$ 0
FY2017-18:	(\$ 231,000)
FY2018-19:	(\$ 233,000)

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 510:

FY2016-17:	(\$ 0)
FY2017-18:	(\$ 236,000)
FY2018-19:	(\$ 237,000)

The Department of Revenue indicates the bill will require a one-time programming charge of \$115,967 paid to the office of the CIO to add a line to Forms 1040N, 1120N, and 1041N, and required changes to the NebFile online filing system.

We have no basis to disagree with the Department of Revenue’s estimate of cost but disagree with their estimate of fiscal impact to the General Fund.

The Department of Health and Human Services indicates that LB 510 will require a Program Specialist to assist in developing the verification process and providing that information on a continuing basis to the Department of Revenue. The cost for FY2016-17 is estimated at \$73,296 (\$36,648 General Fund and \$36,648 Federal Fund) with PSL of \$36,910. The cost for FY2017-18 is \$87,954 (\$43,977 General Fund and \$43,977 Federal Fund) with PSL of \$44,292.

We disagree with the Department of Health and Human Services’ estimate of operating costs. Our estimate of cost is as follows:

FY2016-17:	\$57,134 (\$28,567 General and \$28,567 Federal) with PSL of \$36,910.
FY2017-18:	\$66,160 (\$33,080 General and \$33,080 Federal) with PSL of \$44,292.

