

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	\$118,688		\$58,600	(\$1,200,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$118,688		\$58,600	(\$1,200,000)

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

LB 357 adopts the Direct Support Professional Tax Credit Act. The act creates a \$300 refundable tax credit for direct support professionals, who worked an average of 20 hours per week at least 6 consecutive months during the most recent tax years and his or her federal adjusted gross income for the most recent tax year did not exceed 400% of the federal poverty level. Eligible taxpayers can apply to the Department of Revenue, and the department must review applications in the order they are received. The department can approve up to \$1,200,000 in credits per year. If the credit is disallowed, the department can recover the credit within 3 years of the end of the year the credit was claimed. The department may adopt and promulgate rules and regulations to carry out the act.

Revenue:

The Department of Revenue estimates that the credit will be fully utilized beginning in FY 20-21, with a reduction in revenue to the General Fund of \$1,200,000 per year.

Data indicates about 15% fewer individuals could qualify than the department estimates due to employees failing to meet the requirement of being employed for 6 consecutive months. We assume nearly all of these individuals will meet the income qualifications in the bill. However, even accounting for the 15% reduction in total qualifying individuals, it is estimated that the credit will be fully utilized, and the fiscal impact will be \$1,200,000. The department's estimate is reasonable.

Expenditures:

The Department of Revenue estimates the following administrative costs:

- A one-time programming charge of \$58,188 to OCIO for mainframe and web development costs; and
- The salary and benefits for 0.5 FTE Revenue Tax Specialist and 0.5 FTE Revenue Operations Clerk II for a total cost of \$60,500 in FY20 and \$58,600 in FY21.

There is no basis to disagree with the department's estimate of cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 357	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 2/11/2019	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: 2/8/19				
Approved by: Tony Fulton		Phone: 471-5896				
Date Prepared: 2/7/19						
FY 2019-2020		FY 2020-2021		FY 2021-2022		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$118,688	\$0	\$58,600	(\$1,200,000)	\$57,300	(\$1,200,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$118,688	\$0	\$58,600	(\$1,200,000)	\$57,300	(\$1,200,000)

LB 357 creates the Direct Support Professional Tax Credit Act. The Act provides a \$300 refundable credit to direct support professionals who:

- 1) work an average of 20 hours per week for at least six consecutive months in the most recently completed year for an (a) organization that provides services to persons with developmental disabilities pursuant to a Medicaid home and community-based services waiver or (b) a non-state-operated intermediate care facility for persons with developmental disabilities;
- 2) have a federal adjusted gross income in the most recently completed year that did not exceed 400% of the federal poverty level; and
- 3) work directly with persons with developmental disabilities.

To receive the credit eligible persons must submit an application to the Department of Revenue. The Department may approve applications up to \$1.2 million per calendar year for years 2020 through 2024. The Act provides for recapture in the event of fraud or misrepresentation.

The Department utilized data from the 2017 Staff Stability Survey Report (Report) which provides a sampling of employment from Nebraska agencies that provide services to persons with developmental disabilities on the Medicaid Home and Community-Based waivers. Using the Report data sample, the Department estimated the number of qualifiers to be approximately 4,900. Consequently, the refundable credit is expected to be fully utilized.

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

FY 2019-2020	\$	0
FY 2020-2021	\$	1,200,000
FY 2021-2022	\$	1,200,000

LB 357 would require a one-time programming charge of \$58,188 paid to the OCIO for mainframe and web development changes. The Department would require 0.5 FTE Revenue Tax Specialist and 0.5 FTE Revenue Operations Clerk II to implement this bill.

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
A29621	Revenue Tax Specialist	0.5	0.5	0.5	\$25,900	\$27,400	\$26,800
S29112	Revenue Operations Clerk II	0.5	0.5	0.5	\$15,800	\$16,700	\$16,300
	Benefits.....				\$13,800	\$14,500	\$14,200
	Operating Costs.....				\$58,188		
	Travel.....						
	Capital Outlay.....				\$5,000		
	Capital Improvements.....						
	Total.....				\$118,688	\$58,600	\$57,300