Keisha Patent February 04, 2019 402-471-0059

LB 610

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | | | | | |
|--|--------------|---------|--------------|---------------|--|--|--|--|
| | FY 201 | 9-20 | FY 20 | 20-21 | | | | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE | | | | |
| GENERAL FUNDS | \$252,331 | | \$44,300 | (\$2,728,000) | | | | |
| CASH FUNDS | | | | | | | | |
| FEDERAL FUNDS | | | | | | | | |
| OTHER FUNDS | | | | | | | | |
| TOTAL FUNDS | \$252,331 | | \$44,300 | (\$2,728,000) | | | | |

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

LB 610 adopts the College Savings Tax Credit Act. Under the act, a taxpayer can claim a nonrefundable tax credit for 25% of the amount contributed to a college savings account in an amount matching a contribution made to the same account by the taxpayer's employee in the same year. The credit cannot exceed \$2,000 per contributing employee per year and is available beginning in tax years on or after January 1, 2020. The credit cannot be carried back, but can be carried forward up to 5 years. The Department of Revenue can adopt and promulgate rules and regulations to carry out the act.

Revenue:

The State Treasurer estimates no fiscal impact to the agency. The Department of Revenue estimates revenue to the General Fund as follows:

FY19-20\$0FY20-21(\$2,728,000)FY21-22(\$2,880,000)

Expenditures:

The State Treasurer estimates no cost to implement the bill. The Department of Revenue estimates the following costs to implement the bill:

- A one-time programming charge of \$205,431 to OCIO for mainframe and web development costs; and
- Expenditures of \$46,900 in FY19-20 and \$44,300 in FY 20-21 for 1.0 FTE Revenue Operations Clerk II.

There is no basis to disagree with these estimates.

| ADMINIS | ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | | | | | | | |
|--------------------------------------|---|--|--|--|--|--|--|--|--|--|
| LB: 610 | LB: 610 AM: AGENCY/POLT. SUB: State Treasurer | | | | | | | | | |
| REVIEWED BY: | REVIEWED BY: Lee Will DATE: 2/1/2019 PHONE: (402) 471-4175 | | | | | | | | | |
| The provisions in collected from tax | COMMENTS: Concur with the State Treasurer's assessment of no fiscal impact. The provisions in the bill would lead to a potential reduction in General Fund revenue by providing a tax credit against income tax collected from taxpayers contributing to the College Savings Account in the amount of 25% of the matching employer contribution, up to \$2,000 per taxable year. | | | | | | | | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | | | | | |
|---|---|---|---|--|--|--|--|
| LB: 610 | AM: | AGENCY/POLT. SUB: Department of Revenue | AGENCY/POLT. SUB: Department of Revenue | | | | |
| REVIEWED BY: | Lee Will | DATE: 2/4/2019 | PHONE: (402) 471-4175 | | | | |
| COMMENTS: The | COMMENTS: The Department of Revenue's statement of fiscal impact seems reasonable given the assumptions used. | | | | | | |

Please complete <u>ALL</u> (5) blanks in the first three lines.

| LB ⁽¹⁾ 610 | | | | | FISCAL NOTE | |
|-----------------------------------|---------------------------------|----------------------------------|------------------|------------------------------|----------------------------------|--|
| State Agency OR Political S | ubdivision Name: ⁽²⁾ | State Treasurer | | | | |
| Prepared by: ⁽³⁾ Jason | Walters | Date Prepared: ⁽⁴⁾ | January 31, 2019 | Phone: (5) | 402-471-2793 | |
| I | ESTIMATE PROVI | DED BY STATE AGEN | ICY OR POLITICAL | SUBDIVIS | ION | |
| | <u>FY s</u> EXPENDITURES | <u>2019-20</u> <u>REVENUE</u> | <u>EXPENDITU</u> | <u>FY 2020</u> <u>RES</u> | <u>2020-21</u> <u>REVENUE</u> | |
| GENERAL FUNDS | | | | | | |
| CASH FUNDS | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER FUNDS | | | | | | |
| TOTAL FUNDS | | | | | | |
| Explanation of Estimate: | | | | | | |

No fiscal impact to the State Treasurer's Office

| BREAKI | DOWN BY MAJ | OR OBJECTS O | F EXPENDITURE | |
|----------------------|---------------------------------------|--------------|---------------------|---------------------|
| Personal Services: | | | | |
| | NUMBER OF | POSITIONS | 2019-20 | 2020-21 |
| POSITION TITLE | <u>19-20</u> | <u>20-21</u> | EXPENDITURES | EXPENDITURES |
| | | | | |
| | · · · · · · · · · · · · · · · · · · · | | | |
| | | | | |
| Benefits | | | | |
| Operating | | | | |
| | | | | |
| Travel | | | | |
| Capital outlay | | | | |
| Aid | | | | |
| | | | | |
| Capital improvements | | | | |
| TOTAL | | | | |

Fiscal Note 2019

| State Agency Name: Department | of Povonuo | | | | Date Due LFA: | 2/1/19 |
|-------------------------------|--------------|----------------|--------------|---------------------------|-----------------|---------------|
| | . Of Revenue | | | | | 2/1/19 |
| Approved by: Tony Fulton | | Date Prepared: | 1/31/19 | | Phone: 471-5896 | |
| | FY 2019 | -2020 | FY 2020 | FY 2020-2021 FY 2021-2022 | | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue |
| General Funds | \$252,331 | \$0 | \$44,300 | (\$2,728,000) | \$43,400 | (\$2,880,000) |
| Cash Funds | | | | | - | |
| Federal Funds | | | | | | |
| Other Funds | | | | | | |
| Total Funds | \$252,331 | \$0 | \$44,300 | (\$2,728,000) | \$43,400 | (\$2,880,000) |

LB 610 establishes the College Savings Tax Credit Act. For taxable years beginning or deemed to begin on or after January 1, 2020, a taxpayer who makes a contribution to an established college savings account under the Nebraska educational savings plan trust in an amount that matches a contribution made to the same account in the same taxable year by an employee of the taxpayer is entitled to a nonrefundable credit against the income tax. The credit is equal to twenty-five percent of the taxpayer's matching contribution, not to exceed two thousand dollars per contributing employee per taxable year. The credit may not be carried back but may be carried forward for up to five taxable years if the amount exceeds the tax liability for the year. The Department of Revenue may adopt and promulgate rules and regulations to carry out the Act. The credit is available to individuals, estates, trusts and beneficiaries of such estates and trusts and corporate taxpayers.

The Department determined number of employer contributions utilizing data from the National Center for Education Statistics as well as its own data to determine that approximately 1,800 matching contributions will be made. The estimated total reduction to the General Fund would be as follows:

| FY 2019-2020 | \$ 0 |
|--------------|-----------------|
| FY 2020-2021 | \$ 2,728,000 |
| FY 2021-2022 | \$ 2,880,000 |

LB 610 would require a one-time programming charge of \$205,431 paid to the OCIO for mainframe and web development changes. The Department would require 1.0 FTE Revenue Operations Clerk II ongoing to implement the bill.

| Major Objects of Expenditure | | | | | | | | | |
|------------------------------|---|--------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|--|--|
| Class Code | Classification Title | 19-20 FTE | 20-21 <u>FTE</u> | 21-22 <u>FTE</u> | 19-20 Expenditures | 20-21 Expenditures | 21-22 Expenditures | | |
| S29112 | Revenue Operations Clerk II | 1.0 | 1.0 | 1.0 | \$31,500 | \$33,300 | \$32,600 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | * 10 100 | *** *** | *** * * * * | | |
| Benefits | ••••••••••••••••••••••••••••••••••••••• | | ••••• | | \$10,400 | \$11,000 | \$10,800 | | |
| Operating Costs | | | | | \$205,431 | | | | |
| Travel | | | | | | | | | |
| | | | | | \$5,000 | | | | |
| | ents | | | | | | | | |
| TAL | | | | | \$252,331 | \$44,300 | \$43,400 | | |