

Revised to include new amendments

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$70,199	(\$1,901,000)		(\$9,148,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$70,199	(\$1,901,000)		(\$9,148,000)

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

LB 432 was amended by AM1150, AM1151, and AM1157, which become the bill.

LB 432 was further amended by AM1127, AM1182, AM1370, and AM1374.

LB 432 becomes operative January 1, 2022.

AM1127:

AM1127 incorporates the provisions of LB 254, which extends the sunset date for the Beginning Farmer Tax Credit from Dec 31, 2022 to Dec 31, 2025.

AM1150:

AM1150 incorporates the provisions of LB 597 to provide for a \$2000 income tax credit to the parents of a stillborn child. The stillbirth must have occurred after the twentieth week of gestation, and must be considered a future dependent of the parent claiming the credit.

AM1151:

AM1151 incorporates an amended version of LB 299 to adopt the Firefighter Cancer Benefits Act. The bill was further amended by AM1182 and AM1370. The bill does the following:

Section 2 provides definitions for the Act.

Section 4 allows every rural or suburban fire protection district, airport authority, city, village or nonprofit corporation to choose to provide and maintain enhanced cancer benefits set to a minimum standard established in that section.

Section 5 provides that a combined total of all benefits received by an individual shall not exceed fifty thousand dollars (\$50,000) in a lifetime.

Section 7 requires that a firefighter shall remain eligible for benefits under the Act for 36 months after the formal cessation of the firefighter's status as a firefighter.

Section 9 requires that claims and benefits received under the Act be reported to the State Fire Marshal. Beginning December 1, 2023, the State Fire Marshal shall submit an annual report to the Legislature and Governor regarding the number of firefighters who have filed claims and/or benefits under the Act.

Section 11 requires federal adjusted gross income to be reduced by the amount received by or on behalf of a firefighter for cancer benefits under the Act, to the extent included in federal adjusted gross income.

Section 12 provides an operative date of January 1, 2022.

AM1151 also incorporates the provisions of LB564. LB564 allows Nebraska Education Savings Plan Trust (NEST) funds to be used for costs incurred while participating in a qualified apprenticeship program.

AM1157:

AM1157 incorporates the provisions of LB680 to reduce the top marginal corporate income tax rate from 7.81% to 6.84%. AM1157 was amended by AM1374, which reduces the top marginal corporate income tax rate in the following schedule:

- Jan 1, 2022 to Jan 1, 2023: 7.50%
- Jan 1, 2023 and after: 7.25%

AM1374 provides language stating legislative intent for the tax rate to be reduced to 7.00% in Tax Year 2024 and 6.84% in Tax Year 2025 and thereafter. For purposes of estimating fiscal impact, the legislative intent language is not included.

Revenue:

The Department of Revenue estimates the following impact to the General Fund:

- FY21-22: (\$1,901,000)
- FY22-23: (\$9,148,000)
- FY23-24: (\$19,762,000)
- FY24-25: (\$26,005,000)

There is no basis to disagree with these estimates.

Expenditures:

The Department of Revenue estimates the need for a one-time OCIO charge of \$85,418 to implement the provisions of LB 432, as amended. We believe the original appropriation of \$70,199 will be sufficient to fund the OCIO charge, as the Department can utilize other resources for the remaining amount. There is no basis to disagree with this estimate.

60 months, after there are no longer firefighters that can qualify for benefits under the Act. It requires the fire chief of a fire department with firefighters receiving benefits under the Firefighter Cancer Benefits Act to submit an annual report to the governing body of the rural or suburban fire protection district, airport authority, city, or village served by such fire department on or before February 15, 2023 and on or before February 15 of each year thereafter.

AM 1182 removes the “no later than January 1, 2022” date from the requirement that a rural or suburban fire protection district, airport authority, city, village, or nonprofit corporation maintain proof of insurance coverage that meets the requirement of the Firefighter Cancer Benefits Act. It also changes the date the State Fire Marshall will submit the annual report concerning the Cancer Benefits Act to the Legislature and Governor from “no later than January 1, 2022” to “on or before December 1, 2023, and on or before December 1 of each year thereafter.”

The amendments retains the changes to Neb. Rev. Stat. § 77-2715.07 to allow, for taxable years beginning on or after January 1, 2022, a \$2,000 refundable credit against the income tax to the parent of a stillborn child in the year in which the stillbirth occurred. Additional requirements include filing a fetal death certificate, that the child advanced to at least the 20th week of gestation, and the child would have been a dependent of the individual claiming the credit.

The amendments retain the provisions which amend Neb. Rev. Stat. § 85-1802 to add certified costs of tuition and fees, books, supplies, and equipment required for costs incurred on or after January 1, 2021, for participation in an apprenticeship program registered and certified with the United States Secretary of Labor under 29 U.S.C. 50, as such section existed on January 1, 2021 to the definition of “qualified higher education expenses.”

AM 1374 changes the corporate income tax rates to 5.58% on the first \$100,000 of taxable income and 7.50%, instead of 6.84%, on all taxable income in excess of \$100,000. These rates are for tax years beginning or deemed to begin on or after January 1, 2022 and before January 1, 2023. For taxable years beginning or deemed to begin on or after January 1, 2023 the corporate income tax rates are 5.58% on the first \$100,000 of taxable income and 7.25% on all income in excess of \$100,000. It also adds language stating legislative intent to further lower the top corporate tax rate to 7% for taxable years beginning or deemed to begin on or after January 1, 2024, and before January 1, 2025, and to 6.84% for taxable years beginning or deemed to begin on or after January 1, 2025.

It is estimated that ER 76 amended by AM 1127 AM 1182 AM 1370 AM 1374 will have the following impact on the General Fund revenues:

FY2020-21	\$ -
FY2021-22	\$ (1,901,000)
FY2022-23	\$ (9,148,000)
FY2023-24	\$ (19,762,000)
FY2024-25	\$ (26,005,000)

ER 76 amended by AM 1127 AM 1182 AM 1370 AM 1374 would require a one-time programming charge of \$85,418 paid to the OCIO for mainframe and web development changes. The one-time programming charge

includes costs for changing the corporation income tax rate, adding a line to form 1040N, adding a line to Schedule I, and adding a line to NebFile for the individual income tax filing system.