PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 09, 2014 402-471-0051

LB 787

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	l 4-1 5	FY 2015-16				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$11,225	\$ 0	\$ 0	(\$10,272,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$11,225	\$ 0	\$ 0	(\$10,272,000)			

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

LB 787 amends the Nebraska Revenue Act of 1967 Section 77-2716.

The bill adds language to Section 77-2716 to reduce federal adjusted gross income (AGI) by the amount equal to the principal paid during the tax year on a qualified education loan.

A qualified education loan is defined by the bill as indebtedness incurred by the taxpayer solely to pay the costs of obtaining a graduate degree from an institution of higher learning.

The reduction in AGI is available for the first ten taxable years following the completion and granting of the graduate degree.

The bill is silent on whether or not documentation is required to prove eligibility for the credit

LB 787 is operative for all taxable years beginning on or after January 1, 2015.

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

FY2014-15: \$ 0 FY2015-16: (\$ 10,272,000) FY2016-17: (\$ 10,610,000)

The Department of Revenue indicates that LB 787 will require a one-time programming charge of \$11,225 paid to the office of the CIO to add a line to the Form 1040N, Nebraska Schedule I, as well as to the NebFile online filing system.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 787 AM: AGENCY/POLT. SUB: Coordinating Comm. for Postsecondary Education							
REVIEWED BY: Lyn Heaton			DATE: 2/10/2014	PHONE	: <u>402.471.4181</u>		
COMMENTS: Concur. No fiscal impact on CCPE.							

LB ⁽¹⁾	787							FISCAL NOTE
State Ag	gency OR I	Political Su	ıbdivision Name: (2)	Coor	dinating Co	ommission fo	r Postsecond	lary Education
Prepare	ed by: (3)	Gary T	imm	Date I	Prepared: (4)	1/14/2014	Phone: (5)	471-0020
		ES	STIMATE PROVI	DED BY ST.	ATE AGENO	CY OR POLITIC	CAL SUBDIVISI	ON
-								
			EXPENDITURES	2014-15 <u>R</u>	EVENUE	EXPENI	<u>FY 201</u> <u>DITURES</u>	<u>5-16</u> <u>REVENUE</u>
GENER	RAL FUN	DS						
CASH 1	FUNDS							
FEDER	RAL FUNI	DS						
OTHE	R FUNDS							
TOTAL	L FUNDS							
Explana	ation of E	stimate:						
No Fis	cal Impa	ct.						
			RREAK	DOWN BY	MAJOR ORJ	ECTS OF EXP	ENDITURE	
Persona	al Service	S:						
POSITION TITLE			14-15	BER OF POSITIONS -15 15-16		14-15 <u>DITURES</u>	2015-16 EXPENDITURES	
Benefit	s							
Operati	ing							
Travel.								
Capital	outlay							
Aid								
-	-							
TO	TAL							

State Agency Estimate								
State Agency Name: Department	of Revenue				Date Due LFA:	1/20/2014		
Approved by: Kim Conroy		Date Prepared:	1/20/2014		Phone: 471-5896			
	FY 2014-2015		FY 2015-2016		FY 2016-2017			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$11,225	\$0	\$0	(\$10,272,000)	\$0	(\$10,610,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$11,225	\$0	\$0	(\$10,272,000)	\$0	(\$10,610,000)		

LB 787 would amend Neb. Rev. Stat. § 77-2716 to allow a subtraction from federal adjusted gross income equal to any principal paid by the taxpayer on a qualified education loan. A qualified education loan is defined as a loan owed to a nonrelated party to pay solely for costs necessary to obtain a graduate degree from an institution of higher education. The subtraction would be available for the first ten taxable years after the taxpayer culminates a course of study resulting in the graduate degree. LB 787 does not address what documentation would be required to prove eligibility.

The subtraction is available for all taxable years beginning or deemed to begin on or after January 1, 2015.

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

FY 2014-2015 \$ 0 FY 2015-2016 \$ 10,272,000 FY 2016-2017 \$ 10,610,000

LB 787 would require a one-time programming charge of \$11,225 paid to the OCIO to add a line to the Form 1040N, Nebraska Schedule I, as well as to the NebFile online filing system.

Major Objects of Expenditure								
Class Code	Classification Title	14-15 <u>FTE</u>	15-16 16-17 <u>FTE</u> <u>FTE</u> <u>Ex</u>		14-15 Expenditures	15-16 <u>Expenditures</u>	16-17 Expenditures	
Benefits								
Operating Costs					\$11,225	\$0	\$0	
Capital Outlay								
					\$11,225	\$0	\$0	