Doug Gibbs January 27, 2017 402-471-0051

LB 129

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	7-18	FY 2018-19				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		\$0		(\$3,325,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		\$0		(\$3,325,000)			

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

LB 129 amends Nebraska Revised Statutes Section 77-2715.07 to increase the amount of a refundable credit against Nebraska income tax.

The bill increases the Nebraska earned income tax credit from its current level of 10% of the federal credit allowed under section 32 of the Internal Revenue Code of 1986, to 11% for tax years beginning on or after January 1, 2018 and before January 1, 2019 and to 12% for tax years beginning on or after January 1, 2019.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 129:

FY2017-18:	\$	0	
FY2018-19:	\$ 3,32	25,000)	0
FY2019-20:	(\$ 6,80	07,000)	
FY2020-21:	(\$ 6,96	67,000)	

The Department of Revenue indicates the cost to implement LB 129 will be minimal.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB:129	AM:	AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY: Lyn Heaton		DATE: 1/30/2017 PHONE: (402) 471-4181					
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.							

Fiscal Note 2017

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA: 1/30/20						1/30/2017	
Approved by: Tony Fulton		Date Prepared:	1/27/2017		Phone: 471-5896		
<u>FY 2017-2018</u>		FY 2018-2019		FY 2019-2020			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$0		(\$3,325,000)		(\$6,807,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$0		(\$3,325,000)		(\$6,807,000)	

LB 129 would increase the earned income tax credit to 11% of the federal credit for tax year 2018 and to 12% of the federal credit for tax years beginning on or after January 1, 2019.

The Department estimates the reduction to the General Fund revenues as follows:

FY 2016-2017	\$0
FY 2017-2018	\$0
FY 2018-2019	\$3,325,000
FY 2019-2020	\$6,807,000
FY 2020-2021	\$6,967,000

The Department's cost to implement LB 129 is estimated to be minimal.

Major Objects of Expenditure								
17-18 18-19 19-20 17-18 18							19-20	
<u>Class Code</u>	Classification Title	<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	Expenditures	<u>Expenditures</u>	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
Aid								
Aid								
Total								