PREPARED BY: DATE PREPARED: PHONE: Keisha Patent March 18, 2019 402-471-0059

**LB 542** 

Revision: 00

## **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  | \$59,188     |         |              | (\$670,000) |  |  |
| CASH FUNDS   |              |         |              |             |  |  |
| FEDERAL FUNDS  |              |         |              |             |  |  |
| OTHER FUNDS  |              |         |              |             |  |  |
| TOTAL FUNDS  | \$59,188     |         |              | (\$670,000) |  |  |

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

LB 542 adopts the Firearm Safety Act. The act allows a nonrefundable income tax credit for tax years beginning on or after January 1, 2020, for eligible taxpayers who complete an approved firearm safety course. The credit is the lesser of \$100 or the cost of the course. The credit cannot be carried forward and is only allowed once every 5 years.

An eligible taxpayer:

- Must be at least 18;
- Able to lawfully purchase, own and possess a firearm;
- Not convicted of a felony;
- Not convicted of a misdemeanor crime of violence in the previous 10 years;
- Not found to be mentally ill and dangerous person under the Nebraska Mental Health Commitment Act in the previous 10
  years;
- Not adjudged to be mentally incompetent at the time of filling the income tax return;
- Not convicted of a violation of a law relating to firearms, unlawful use of a weapon, or controlled substances in the previous 10 years; and
- Not on parole, probation, post-release supervision, house arrest, or work release at the time of filling the income tax return.

An approved firearm safety course must have received a certificate of approval from the Nebraska State Patrol. The State Patrol is required to publish training and safety requirements and adopt and promulgate rules and regulations regarding firearm safety courses and instructors under the act. The Department of Revenue can adopt and promulgate rules and regulations to carry out the act.

## Revenue:

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

| Fiscal Year | General Fund |  |  |
|-------------|--------------|--|--|
| FY 19-20    | \$0          |  |  |
| FY 20-21    | (\$670,000)  |  |  |
| FY 21-22    | (\$747,000)  |  |  |

There is no basis to disagree with this estimate.

## **Expenditures:**

The Department of Revenue estimates a one-time programming charge of \$59,188 to OCIO for mainframe and web development costs. The State Patrol did not respond to a request for a state agency estimate, but the requirements under LB 542 are substantially similar to requirements for safety courses and instructors under the Concealed Handgun Permit Act, and as such, the Legislative Fiscal Office estimates no additional cost to the State Patrol.

| State Agency Estimate |                                |                |  |  |   |  |  |  |
|-----------------------|--------------------------------|----------------|--|--|---|--|--|--|
| of Revenue            |                                |                |  | Date Due LFA:  | 3/15/19   |  |  |  |
|                       | Date Prepared:                 | 3/18/19        |  | Phone: 471-5896                                      |   |  |  |  |
| FY 2019-              | FY 2019-2020                   |                | FY 2020-2021   |  | FY 2021-2022  |  |  |  |
| Expenditures          | Revenue                        | Expenditures   | Revenue  | Expenditures   | Revenue   |  |  |  |
| \$59,188              | \$0                            | \$0            | (\$670,000)  | \$0  | (\$747,000)   |  |  |  |
|                       |                                |                |  |  |   |  |  |  |
|                       |                                |                |  |  |   |  |  |  |
|                       |                                |                |  |  |   |  |  |  |
| \$59,188              | \$0                            | \$0            | (\$670,000)  | \$0  | (\$747,000)   |  |  |  |
|                       | FY 2019. Expenditures \$59,188 | Date Prepared: | Date Prepared: 3/18/19   FY 2019-2020   FY 2020     Expenditures   Revenue   Expenditures     \$59,188   \$0   \$0 | Date Prepared: 3/18/19   FY 2019-2020   FY 2020-2021 | Date Due LFA:   Date Prepared: 3/18/19   Phone: 471-5896     FY 2019-2020   FY 2020-2021   FY 202   Expenditures   Revenue   Expenditures   Revenue   Expenditures     \$59,188   \$0   \$0   \$(\$670,000)   \$0 |  |  |  |

For taxable years beginning on or after January 1, 2020, LB 542 establishes that an eligible taxpayer who successfully completes an approved safety course is eligible for a nonrefundable income tax credit. The amount of the credit is the cost paid for an approved firearm safety course up to \$100. Credits may not be carried forward and are allowed only once every five years.

LB 542 defines an approved firearm safety course as a firearm safety course that has received a certificate of approval from the Nebraska State Patrol. An eligible taxpayer is an individual taxpayer, who is at least 18 years old and can lawfully purchase, own and possess a firearm. The definition of eligible taxpayer lists a number of other requirements relating to criminal records for misdemeanors, felonies and mental health status.

There are a number of firearm safety courses in Nebraska such as the Firearm Hunter Education certificates issued by the Nebraska Game and Parks Commission. These in-person courses offered by the Nebraska Game and Parks Commission are free to attend and are mostly attended by children and adolescents. The Department believes most credits will be used by those attending a conceal and carry safety course with a cost of approximately \$125 to complete thus receiving the maximum credit of \$100.

According to the Crime Prevention Research Center, there are approximately 60,000 conceal carry permits in Nebraska. The growth in conceal carry permits in Nebraska has been approximately 19% from 2015 to 2018. The Department estimates approximately 6,700 eligible taxpayers will use this credit in FY 2020-2021. The estimated total reduction in General Fund Revenues is as follows:

FY 2019-2020 \$ -FY 2020-2021 \$ 670,000 FY 2021-2022 \$ 747,000

LB 542 requires a one-time programming charge of \$59,188 paid to the OCIO for mainframe and web development changes. The Department can implement LB 542 with existing staff.

| Major Objects of Expenditure |                      |                     |                     |                     |                              |                       |                       |
|------------------------------|----------------------|---------------------|---------------------|---------------------|------------------------------|-----------------------|-----------------------|
| Class Code                   | Classification Title | 19-20<br><u>FTE</u> | 20-21<br><u>FTE</u> | 21-22<br><u>FTE</u> | 19-20<br><u>Expenditures</u> | 20-21<br>Expenditures | 21-22<br>Expenditures |
|                              |                      |                     |                     |                     |                              |                       |                       |
|                              |                      |                     |                     |                     |                              |                       |                       |
| D. Cit                       |                      |                     |                     |                     |                              |                       |                       |
| Benefits                     |                      |                     |                     |                     | \$59,188                     |                       |                       |
| Capital Outlay               |                      |                     |                     |                     |                              |                       |                       |
|                              |                      |                     |                     |                     | \$59,188                     |                       |                       |