PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 04, 2019 402-471-0059

**LB 628** 

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				(\$9,183,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS				(\$9,183,000)		

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

LB 628 amends the Nebraska Revenue Act of 1967 to increase the earned income tax credit for qualified resident individuals. The bill provides the credit allowed is 10% of the federal credit for any tax years prior to January 1, 2020, 13% for tax year 2020, 17% for tax year 2021, and 20% for tax years beginning on or after tax year 2022.

## Revenue:

The Department of Revenue estimates revenue to the General Fund as follows:

FY19-20 \$0

FY20-21 (\$9,183,000)

FY21-22 (\$21,652,000)

FY22-23 (\$31,255,000)

## **Expenditures:**

The Department of Revenue estimates minimal cost to implement the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 628 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED BY:	Lee Will	DATE: 2/4/2019	PHONE: (402) 471-4175			
COMMENTS: Concur with the Department of Revenue's assessment of fiscal impact.						

LB 628 Fiscal Note 2019

State Agency Estimate						
State Agency Name: Department	of Revenue				Date Due LFA:	2/4/19
Approved by: Tony Fulton		Date Prepared:	2/1/19		Phone: 471-5896	
	FY 2019-2020		FY 2020-2021		FY 2021-2022	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$0		(\$9,183,000)		(\$21,652,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$0		(\$9,183,000)		(\$21,652,000)
	<u> </u>					

LB 628 increases the earned income tax credit and phases in the increase over three years. The credit would remain 10% of the federal credit for any tax years before 2020. It would increase to 13% of the federal credit for tax year 2020, 17% for tax year 2021, and 20% beginning with tax year 2022 and thereafter. It is estimated that LB 628 would reduce the General Fund revenues as follows:

FY 2019-2020 \$0 FY 2020-2021 \$9,183,000 FY 2021-2022 \$21,652,000 FY 2022-2023 \$31,255,000

It is estimated that there will be minimal costs to the Department to implement this bill.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
Benefits							
Operating Costs							
Travel		• • • • • • • • • • • • • • • • • • • •		•••••			
Total		•••••	• • • • • • • • • • • • • • • • • • • •				