

Revised due to adoption of amendments on General File

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$59,500	\$0		
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$59,500	\$0		

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

LB 1042 amends the Revenue Act of 1967 to provide a deduction to an individual's federal adjusted gross income equal to the amount of any contribution made by the individual's employer into a Nebraska education savings trust (NEST) account. The deduction is limited to \$5,000 for married filing separate returns and \$10,000 for any other return. The deduction is available for tax years beginning on or after January 1, 2021.

Provisions relating to the College Savings Plan Program Fund are amended to permit payments made by persons other than the participant. The bill also clarifies that any contributions made to a participant's NEST account must not be used to determine the participant's income for purposes of any government program that provides benefits or aid based on financial need.

As amended, provisions allowing contributions to NEST accounts to be used for payments on education loans or apprenticeship programs were stricken from the bill. In addition, AM2592 amends provisions of the Meadowlark Act to allow the State Treasurer to accept contributions for accounts opened under the program at the direction of the donor. AM2592 specifies funds transferred from the College Savings Plan Expense Fund or the Unclaimed Property Escheat Trust Fund that are not transferred to the Meadowlark Endowment Fund must be evenly distributed to all accounts opened under the program in the previous calendar year.

AM2685 clarifies that contributions to NEST accounts and to Meadowlark accounts cannot be used for expenses related to kindergarten to grade twelve education.

As amended, the bill requires a transfer of \$59,500 from the College Savings Expense Fund to the Department of Revenue Miscellaneous Receipts Fund to be used by the department to defray costs to implement the bill.

The bill contains the emergency clause.

Revenue:

The Department of Revenue estimates a negative, but minimal impact to revenue to the General Fund.

Expenditures:

The department estimates a one-time programming charge of \$59,500 to OCIO for mainframe and web development charges and minimal administrative costs. The bill provides for the OCIO charge to be paid by a transfer from the College Savings Expense Fund to the Department of Revenue Miscellaneous Receipts Fund.

The State Treasurer's Office estimates no 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: 1042	AM: 2181, 2592 & 2685	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Lee Will	DATE: 03/04/2020	PHONE: (402) 471-4175	
COMMENTS: Concur with the State Treasurer's assessment of no fiscal impact.			

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA:

Approved by: Tony Fulton

Date Prepared:
3/4/2020

Phone: 471-5896

	FY 2020-2021		FY 2021-2022		FY 2022-2023	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		Minimal	Minimal	Minimal	Minimal	Minimal
Cash Funds	\$59,500	\$59,500				
Federal Funds						
Other Funds						
Total Funds	\$59,500	\$59,500	Minimal	Minimal	Minimal	Minimal

LB 1042 as amended by AM 2181, AM 2592, and AM 2685 provides that, for taxable years on or after January 1, 2021, federal adjusted gross income will be reduced, to the extent included, the amount of any contribution made by the individual's employer into a Nebraska educational savings plan trust account owned by the individual. The reduction cannot exceed \$5,000 per married filing separate return or \$10,000 for any other return.

The bill further provides that no state agency that provides benefits to individuals based on financial need will take into account contributions made to a participant's account by the participant's employer in determining the income of such participant.

The bill requires the State Treasurer to transfer \$59,500 from the College Savings Plan Expense Fund before July 15, 2020 to the Department of Revenue Miscellaneous Receipts Fund. The transferred funds shall be used by the Department to offset the costs of implementing this bill.

The amended bill prohibits money accrued in the College Savings Plan Program accounts or in accounts opened under the Meadowlark Program from being used to pay expenses associated with attending kindergarten through grade twelve. The Meadowlark Act is amended to require the State Treasurer to distribute any amount transferred from the College Savings Plan Expense Fund or Unclaimed Property Escheat Trust Fund, which is not transferred to the Meadowlark Endowment Fund, evenly to accounts opened under the Meadowlark Program in the previous calendar year.

LB 1042 as amended by AM 2181, AM 2592, and AM 2685 is estimated to have negative but minimal impact to General Fund revenues. LB 1042 would require a one-time programming charge of \$59,500 paid to the OCIO for mainframe and web development changes. It is estimated that there will be minimal costs to DOR to implement this bill.

Major Objects of Expenditure

Class Code	Classification Title	20-21	21-22	22-23	20-21	21-22	22-23
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....				\$59,500		
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total				\$59,500		

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2020

LB⁽¹⁾ 1042 with AM2181, AM2592, AM2685

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Tyson Larson Date Prepared: ⁽⁴⁾ 3/3/20 Phone: ⁽⁵⁾ (402) 471-1234

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	-	-	-	-
CASH FUNDS	-	-	-	-
FEDERAL FUNDS	-	-	-	-
OTHER FUNDS	-	-	-	-
TOTAL FUNDS	-	-	-	-

Explanation of Estimate:

The State Treasurer's Office doesn't expect any fiscal impact from LB1042 as amended by AM2181, AM2592, and AM2685 to the office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				