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

**LB 266** 

Revision: 01

(\$81.000)

## FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for 2020 session and includes any adopted amendments

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	20-21	FY 2021-22				
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS				(\$81,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							

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

LB 266 amends the School Readiness Tax Credit Act to include self-employed individuals providing child care or early childhood education in the definition of an "eligible staff member" and to allow credits to child care and education providers which are pass-through entities to be distributed in the same manner and proportion as income. The bill also requires the State Department of Education to include self-employed individuals in the classification system for purposes of the tax credit.

The bill is operative for tax years beginning on or after January 1, 2020, but for purposes of this estimate, we assume the bill will be operative for tax years beginning on or after January 1, 2021.

## Revenue:

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

FY20-21 \$0 FY21-22 (\$81,000) FY22-23 (\$94,000)

## **Expenditures:**

The Department of Revenue estimates minimal cost to implement the bill. The Department of Education previously estimated no additional cost to implement the bill.

There is no basis to disagree with these estimates.

**TOTAL FUNDS** 

LB 266 Fiscal Note 2020

State Agency Estimate								
State Agency Name: Department of	Revenue				Date Due LFA:	11/27/2019		
Approved by: Tony Fulton		Date Prepared:	11/5/2019		Phone: 471-5896			
	FY 2020-2021		FY 2021-2022		FY 2022-2023			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds				(\$81,000)		(\$94,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds				(\$81,000)		(\$94,000)		

LB 266 amends the School Readiness Tax Credit Act to permit self-employed individuals who provide services for eligible child care or early childhood education programs to be eligible to receive the staff member credit. In addition, the bill allows more child care and education providers to use credits by permitting credits to be distributed by partnerships, LLCs, or S Corps, in the same manner and proportion as income.

The Department assumes that the bill is operative for tax years beginning on or after January 1, 2021. Based on the existing data for the School Readiness Tax Credit program, the Department estimated the reduction to the General Fund revenues would be as follows:

FY20-21 \$ -FY21-22 \$ 81,000 FY22-23 \$ 94,000

It is estimated that there will be minimal costs to the Department to implement LB 266.

Major Objects of Expenditure								
Class Code	Classification Title	20-21 <u>FTE</u>	21-22 <u>FTE</u>	22-23 <u>FTE</u>	20-21 Expenditures	21-22 Expenditures	22-23 Expenditures	
Benefits	Benefits.							
Operating Costs	Operating Costs.							
Travel								
Capital Outlay								
Capital Improvements								
Total								