

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$149,731		\$44,300	(\$25,900,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$149,731</b>		<b>\$44,300</b>	<b>(\$25,900,000)</b>

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

LB 470 amends provisions related to educational savings plan trust accounts (NEST accounts) to allow contributions by nonparticipant contributors and to allow an income tax deduction for the amount of the contribution. A “nonparticipant contributor” is defined as a person other than the participant who contributes to an educational savings plan trust account to meet qualified higher education expenses of the beneficiary.

The bill eliminates the cap on the deduction of \$5,000 for married filing separate or \$10,000 for other returns for contributions to NEST and achieving a better life experience accounts.

The bill is operative January 1, 2020.

**Revenue:**

The State Treasurer estimates no fiscal impact to the agency. The Department of Revenue estimates revenue to the General Fund as follows:

FY 2019-2020	\$0
FY 2020-2021	(\$25,900,000)
FY 2021-2022	(\$27,690,000)
FY 2022-2023	(\$29,650,000)

**Expenditures:**

The State Treasurer estimates no cost to implement the bill. The Department of Revenue estimates the following costs to implement the bill:

- A one-time programming charge of \$102,831 to OCIO for mainframe and web development costs; and
- Expenditures of \$46,900 in FY19-20 and \$44,300 in FY 20-21 for 1.0 FTE Revenue Operations Clerk II.

There is no basis to disagree with these estimates.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 470	AM:	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Lee Will	DATE: 1/24/2019	PHONE: (402) 471-4175	
COMMENTS: Concur with the State Treasurer’s assessment of no fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 470                      AM:                      AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Lee Will                      DATE: 2/4/2019                      PHONE: (402) 471-4175

COMMENTS: The Department of Revenue's statement of fiscal impact seems reasonable given the assumptions used.

Please complete ALL (5) blanks in the first three lines.

**2019**

**LB<sup>(1)</sup> 470**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> January 23, 2019 Phone: <sup>(5)</sup> 402-471-2793

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</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:

No fiscal impact to the State Treasurer's Office

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA: 2/1/19				
Approved by: Tony Fulton		Phone: 471-5896				
Date Prepared: 1/31/19						
	<b>FY 2019-2020</b>		<b>FY 2020-2021</b>		<b>FY 2021-2022</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$149,731	\$0	\$44,300	(\$25,900,000)	\$43,400	(\$27,690,000)
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$149,731</b>	<b>\$0</b>	<b>\$44,300</b>	<b>(\$25,900,000)</b>	<b>\$43,400</b>	<b>(\$27,690,000)</b>

LB 470 provides that income tax deductions based on contributions to NEST 529 accounts are available to both participant and nonparticipant contributors. A nonparticipant contributor is defined as a person other than the participant who makes contributions to a NEST account.

The bill also removes limit on the deduction amount for contributions to NEST or ABLE accounts.

The Department utilized historic data from the NEST and ABLE contributions to determine the increase in contributions. The Department assumed a similar behavioral response if NEST accounts are made available to nonparticipants. Furthermore, NEST accounts are frequently used to defer income taxation beyond amounts necessary to pay educational expenses. Contributions for amounts much larger than the current deduction limitations will be eligible for the exclusion and comprise a large percent of the Department’s estimate. The estimated total reduction to the General Fund would be as follows:

FY 2019-2020	\$	0
FY 2020-2021	\$	25,900,000
FY 2021-2022	\$	27,690,000
FY 2022-2023	\$	29,650,000

LB 470 would require a one-time programming charge of \$102,831 paid to the OCIO for mainframe and web development changes. The Department would require 1.0 FTE Revenue Operations Clerk II to implement this bill.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	19-20	20-21	21-22	19-20	20-21	21-22
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
S29112	Revenue Operations Clerk II	1.0	1.0	1.0	\$31,500	\$33,300	\$32,600
					\$10,400	\$11,000	\$10,800
Benefits.....							
Operating Costs.....					\$102,831		
Travel.....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
<b>Total.....</b>					<b>\$149,731</b>	<b>\$44,300</b>	<b>\$43,400</b>