Keisha Patent August 11, 2020 402-471-0059

LB 477

Revision: 02 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to clarify fiscal impact

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	0-21	FY 2021-22			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$58,192	\$58,192				
CASH FUNDS		(\$58,192)				
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$58,192	\$0				

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

LB 477 amends the Nebraska Revenue Act of 1967 to reduce a taxpayer's federal adjusted gross income by amounts received from a Segal AmeriCorps Education Award, beginning with tax years on or after January 1, 2020. For purposes of this estimate, we assume the bill will be operative for tax years beginning on or after January 1, 2021.

The Department of Revenue estimates the reduction in revenue to the General Fund to be minimal. Based upon the data available regarding the number of individuals affected and amount of income received, accounting for the applicable income tax rates, the estimate is reasonable.

The Department of Revenue estimates a one-time programming charge of \$58,192 to OCIO for mainframe and web development charges to implement the bill. The appropriations bill, LB 477A, was amended on Select File to authorize the State Treasurer to transfer \$58,192 from the Department of Revenue Enforcement Fund to the General Fund on or before November 30, 2020. The statute creating the Department of Revenue Enforcement Fund, section 77-5601, authorizes transfers from the fund to the General Fund at the direction of the Legislature.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 477 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED BY:	Lee Will	DATE: 12/26/2019	PHONE: (402) 471-4175			
COMMENTS: The Department of Revenue's statement of fiscal impact seems reasonable given the assumptions used.						

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	Y 2020-2021 FY 2021-2022		FY 2022-2023				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$58,192	\$0	\$0	Minimal	\$0	Minimal		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$58,192	\$0	\$0	Minimal	\$0	Minimal		

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LB 477 creates an income tax exemption for Segal AmeriCorps Education Awards. The exemption is for taxable years beginning on or after January 1, 2021 and is for the amount received as a Segal AmeriCorps Education Award to the extent such amount is included in federal AGI.

The Department utilized data from the Corporation for National and Community Service on the amount of Segal Education Awards awarded in Nebraska. In 2018, approximately 260 individuals were awarded scholarships of approximately \$840,000. The additional tax from these scholarships totals to a minimal amount.

Consequently, it is estimated that this bill will have a minimal negative impact on General Fund revenues.

LB 477 would require a one-time programming charge of \$58,192 paid to the OCIO for mainframe and web development changes. The Department would be able to implement LB 477 with existing staff.

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 <u>Expenditures</u>	21-22 <u>Expenditures</u>	22-23 Expenditures
Benefits	Benefits						
Operating Costs				\$58,192			
Travel							
Capital Outlay							
Capital Improvements							
Total				\$58,192			