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LB 917

Revision: 02

Revised due to adoption of AM2587

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$202,931			(\$4,600,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$202,931			(\$4,800,000)

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

As amended by AM2587, LB 917 provides for tax credit for individual taxpayers, trusts and estates, and corporate taxpayers for tax years beginning January 1, 2023 and each year thereafter, for 10% of the wages paid by the taxpayer to an individual convicted of a felony in any state. The credit is allowed for the first 12 months of their employment, and the total deduction by any taxpayer cannot exceed \$20,000 in a tax year. The Department of Revenue will approve credits in the order in which applications are received, up to \$5,000,000.

REVENUE:

Even with the credit amount reduced by AM2587 from 25% to 10% of wages paid, the Department of Revenue estimates the cap for the credit will be reached in the first year based on data regarding the average wage and estimated number of eligible individuals. The estimated impact to the General Fund is as follows:

FY22-23	\$0
FY23-24	(\$4,600,000)
FY23-24	(\$400,000)

EXPENDITURES:

The department estimates a one-time charge to OCIO of \$202,931 to implement the provisions of the bill.

There is no basis to disagree with these estimates.

The credit applies to taxable years beginning on or after January 1, 2023.

Using data labor market data on felons from The Brookings Institute, DOR estimates that LB 917 AM 2587 would reach the \$5 million program cap in the first year and reduce General Fund revenue as follows:

FY 2022-23	\$	0
FY 2023-24	\$	4,600,000
FY 2024-25	\$	400,000

LB 917 AM 2587 will require a one-time programming charge of \$202,931 paid to the OCIO for the following: adding a line to the Schedule I, NebFile for individuals, forms 1041N and 1220N, and an online application to approve credits.