

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$55,564	(\$73,298,000)		(\$91,622,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$55,564	(\$73,298,000)		(\$91,622,000)

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

LB 547 amends the Nebraska Revenue Act of 1967 to provide a nonrefundable credit against state income tax.

The bill would allow a credit for fees paid or cash contributions to a Nebraska school district for support of extracurricular activities or character education programs.

The amount of the credit would be the actual amount paid or contributed up to a maximum amount as follows:

<u>Filing Status:</u>	<u>Maximum Credit Amount:</u>
Single Individual	\$ 500
Head of Household	\$ 500
Married, Filing Separate	\$ 500
Married, Filing Jointly	\$1,000

If the amount of the credit exceeds the taxpayer's tax liability, the credit may be carried forward up to five years.

"Extracurricular activity" is defined as a school sponsored activity that requires enrolled students to pay a fee in order to participate and can include a number of activities including sports, band, laboratory materials, etc. .

Any character education program offered by a school is to contain instruction in at least six character traits including: truthfulness; compassion; diligence; sincerity; trustworthiness; respect; attentiveness; obedience; orderliness; forgiveness; virtue; fairness; caring; citizenship; sportsmanship; and integrity. Instruction can include activities, discussions, media, or presentations by teachers or mentors.

The bill also provides that a school district may accept donations or charge a fee for character education programs if the program is not offered during regular school hours.

The bill would become operative for taxable years beginning on or after January 1, 2013.

The Department of Revenue estimates that LB 547 will have the following fiscal impact to the General Fund:

FY2013-14:	(\$ 73,298,000)
FY2014-15:	(\$ 91,622,000)
FY2015-16:	(\$109,946,000)
FY2016-17:	(\$128,271,000)

The Department also indicates a one-time programming charge of \$55,564 paid to the Office of the CIO to add one line to the Form 1040N and to the Schedule I, as well as to the NebFile system.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 547	AM:	AGENCY/POLT. SUB: Dept. of Education	
REVIEWED BY: Lyn Heaton		DATE: 2/4/2013	PHONE: 402.471.4181
COMMENTS: Concur. No fiscal impact to the Dept. of Education or to the TEEOSA aid formula.			

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

2013

LB⁽¹⁾ 547 REVISED FISCAL NOTE

State Agency OR Political Subdivision Name: (2) NDE/School Finance & Organization Services

Prepared by: (3) Inbody, Bergquist Date Prepared: (4) 1-29-2013 Phone: (5) 1-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

This bill would provide an income tax credit to individuals who make cash contributions to schools for extracurricular activities or for new character education programs. This bill includes limitations on the amounts that can be used as non-refundable tax credits each year.

This bill defines extracurricular activity and character education program. Fees may only be charged or donations accepted for a character education program that is offered after regular school hours.

Fiscal Impact:

To NDE: There is no fiscal impact to the Department of Education.

To School Districts: There appears to be no fiscal impact to school districts as the Income Tax Rebate and the Net Option Fund in the TEEOSA formula is limited to a set amount. It does appear that the possible reduction in income tax receipts would impact these two factors in the formula.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____