PREPARED BY: Doug Gibbs
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PHONE: 471-0051

LB 159

Revision: 03

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2010 Session; includes amendments adopted to-date.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	$45,000	($340,000)		($907,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	$45,000	($340,000)		($907,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 159, as amended by AM1193, would provide a nonrefundable income tax credit for long-term care insurance policies issued pursuant to the Long-Term Care Insurance Act, on or after January 1, 2010.

The bill proposes a nonrefundable credit equal to 25% of the premiums paid during the taxable year for one or more long-term care insurance policies. The credit could not be used by a taxpayer who used the adjustment to federal adjusted gross income provided in section 77-2716. The credit can be claimed for up to three tax years. Unused tax credits cannot be carried forward to the next tax year. The bill is assumed to become operative for tax years beginning January 1, 2010 and terminates on January 1, 2015.

The amount of credit for the tax year beginning on or after January 1, 2010 and before January 1, 2011 would be the lesser of the taxpayer's income tax liability or $300 for a married filing jointly tax return and $150 for any other return.

The amount of credit for the tax year beginning on or after January 1, 2011 and before January 1, 2012 would be the lesser of the taxpayer's income tax liability or $400 for a married filling jointly tax return and $200 for any other return.

The amount of credit for the tax year beginning on or after January 1, 2012 and before January 1, 2015 would be the lesser of the taxpayer's income tax liability or $500 for a married filing jointly tax return and $250 for any other return.

TECHNICAL NOTE: Because the credit provided for in LB 159, as amended, terminates on January 1, 2015, someone who purchases an eligible policy in 2013 would be able to claim the credit for only two taxable years, someone who purchases an eligible policy in 2014 would be able to claim the credit for only one year. However, someone who purchases an eligible policy for taxable years beginning on or after January 1, 2010 and before January 1, 2013 would be able to claim a full three years of credit.

The Department of Revenue estimates the following fiscal impact to revenue:

FY2010-2011:	($ 340,000)
FY2011-2012:	($ 907,000)
FY2012-2013:	($1,706,000)

The Department of Revenue estimates the cost to implement LB 159 to be $45,000 for one-time mainframe computer programming.

There is no basis to disagree with either the Department of Revenue's estimate of fiscal impact or implementation cost.