

PREPARED BY: Doug Gibbs
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LB 248

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$33,370	(\$2,081,000)	\$0	(\$2,473,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$33,370	(\$2,081,000)	\$0	(\$2,473,000)

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

LB 248 eliminates the income requirement in Section 77-2715.01(2)(a) thereby allowing a nonrefundable child care credit to all qualifying individuals; eliminates the refundable child care credit; and increases the earned income credit percentage from 10% to 13% of the federal credit; and provides that the act applies to tax years beginning on or after January 1, 2009.

The Department of Revenue estimates that elimination of the refundable child care credit as provided in LB 248 will result in an increased number of taxpayers qualifying for the nonrefundable child care credit. Based on the 2006 returns, the elimination of the refundable credit will result in approximately 35% of the refundable child care credit transferred to the nonrefundable child care credit, and the remaining 65% available to offset the cost of the expanded earned income credit.

The Department has provided the following analysis:

	<u>Additional Nonrefundable Credit:</u>	<u>Net Gain from Elimination of Refundable Credit:</u>	<u>Increase in Earned Income:</u>	<u>Net Fiscal Impact:</u>
FY2009-10	\$1,880,000	\$5,329,000	\$7,410,000	(\$2,081,000)
FY2010-11	\$1,905,000	\$5,399,000	\$7,872,000	(\$2,473,000)
FY2011-12	\$1,930,000	\$5,470,000	\$8,364,000	(\$2,894,000)
FY2012-13	\$1,955,000	\$5,542,000	\$8,886,000	(\$3,344,000)

The Department of Revenue also estimates administering LB 248 would include a one-time programming cost of \$33,370.

There is no basis to disagree with the Department's estimate of fiscal impact.

IMPACT TO POLITICAL SUBDIVISIONS:

There appears to be no material fiscal impact to political subdivisions associated with this bill.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/3/09	PHONE 471-2526
COMMENTS			
DEPT. OF REVENUE – No basis upon which to disagree.			