

Updated for the 2016 Legislative Session and includes any amendments adopted to date.

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$2,780,000)		(\$2,874,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$2,780,000)		(\$2,874,000)

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

LB 322 amends the Nebraska Revenue Act of 1967, Section 77-2715.07, dealing with the child and dependent care income tax credit.

The purpose of the child and dependent care credit is to cover some of the expense of day care in order to allow the taxpayer or their spouse to be gainfully employed or actively seek employment.

For the nonrefundable income tax credit available under this section, the federal adjusted gross income (AGI) eligibility threshold level is increased from \$29,000 to \$52,000, and the amount of the credit is increased from 25% of the federal credit allowed to 30% of the federal credit allowed.

For the refundable credit available under this section, the AGI eligibility threshold level is increased from incomes less than \$29,000 to incomes less than \$52,000 and increases the amount of the credit to 100% of the federal credit allowed for incomes \$32,000 or less and 30% for incomes between \$32,000 and \$52,000.

The bill has an operative date of January 1, 2016.

The Department of Revenue estimates the following fiscal impact of LB 322 to the General Fund:

FY2016-17:	(\$ 2,780,000)
FY2017-18:	(\$ 2,874,000)
FY2018-19:	(\$ 2,967,000)

The Department indicates the cost to implement LB 322 will be minimal.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA: 12/2/2015			
Approved by: Len Sloup		Date Prepared: 11/24/2015			
		Phone: 471-5896			
<b>FY 2016-2017</b>		<b>FY 2017-2018</b>		<b>FY 2018-2019</b>	
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	(S2,780,000)		(S2,874,000)		(S2,967,000)
Cash Funds					
Federal Funds					
Other Funds					
<b>Total Funds</b>	<b>(S2,780,000)</b>		<b>(S2,874,000)</b>		<b>(S2,967,000)</b>

LB 322 increases the federal adjusted gross income threshold for the nonrefundable child and dependent care income tax credit from \$29,000 to \$52,000 and the amount of the nonrefundable credit allowed from 25% to 30% of the federal credit.

LB 322 increases the federal adjusted gross income threshold for the refundable child and dependent care income tax credit from \$29,000 to \$52,000 and changes the amount of the credit to 100% of the federal credit for individuals with a federal adjusted gross income below \$32,000 and 30% of the federal credit for individuals with a federal adjusted gross income between \$32,000 and \$52,000.

The increases apply to tax years beginning on or after January 1, 2016.

The estimated reduction to General Fund revenues would be as follows:

FY 2016-2017	\$	2,780,000
FY 2017-2018	\$	2,874,000
FY 2018-2019	\$	2,967,000

It is estimated that the cost to implement LB 322 would be minimal.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>16-17</u>	<u>17-18</u>	<u>18-18</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	<b>Total.....</b>						