PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 25, 2015 402-471-0051

**LB 470** 

Revision: 00

## **FISCAL NOTE**

## LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	15-16	FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$75,529	\$0	\$0	(\$12,447,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$75,529	\$0	\$0	(\$12,447,000)			

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

LB 470 amends Nebraska Revised Statutes Section 77-2715.07.

The bill provides for a nonrefundable income tax credit of \$500 to an individual who cares for and resides with, for at least six months during the year, an individual who is either physically or mentally incapable of caring for themselves.

The income of the taxpayer seeking the nonrefundable credit must be between 200% and 400% of the federal poverty guidelines, they cannot have claimed the federal credit under Section 22 of the Internal Revenue Code on their federal income tax return, and the income of the person they care for may not exceed 200% of the federal poverty guidelines.

LB 470 also provides for a refundable income tax credit of \$500 to an individual who cares for and resides with, for at least six months during the year, an individual who is either physically or mentally incapable of caring for themselves.

The income of the taxpayer seeking the refundable credit must not exceed 200% of the federal poverty guidelines and the income of the person they care for may not exceed 200% of the federal poverty guidelines.

200% of the 2015 federal poverty guidelines is \$23,540. 400% of the 2015 federal poverty guidelines is \$47,080.

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

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 470:

FY2015-16: \$ 0 FY2016-17: (\$ 12,447,000) FY2017-18: (\$ 12,608,000)

The Department of Revenue indicates that LB 470 will require a one-time programming charge of \$75,529 paid to the Office of the CIO to add two lines to the Form 1040N, as well as to the NebFile online filing 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: 470	AM:	AGENCY/POLT. SUB: Dept. of Revenue			
REVIEWED BY: Lyn Heaton		DATE: 3/2/2015	PHONE: 471-4181		
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.					

State Agency Estimate								
State Agency Name: Departmen	nt of Revenue				Date Due LFA:	3/2/2015		
Approved by: Len Sloup		Date Prepared:	3/2/2015		Phone: 471-5896			
	FY 2015-	FY 2015-2016		FY 2016-2017		FY 2017-2018		
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	<b>Expenditures</b>	Revenue		
General Funds	\$75,529	\$0	\$0	\$(12,447,000)	\$0	\$(12,608,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$75,529	\$0	\$0	\$(12,447,000)	\$0	\$(12,608,000)		
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LB 470 provides a \$500 income tax credit to qualified resident individuals that care for another person for any taxable year beginning or deemed to begin on or after January 1, 2016.

A qualified resident individual may claim a nonrefundable credit if the resident individual has federal adjusted gross income between 200% and 400% of federal poverty guidelines; did not claim the credit for the elderly and the permanently disabled on his or her federal income tax return for the current taxable year; and the individual cares for another person.

A qualified resident individual may claim a refundable credit if the resident individual's federal adjusted gross income does not exceed 200% of federal poverty guidelines; and the individual cares for another person.

For purposes of the credit, an individual cares for another person if he or she resides in the same principal place of abode with the person cared for for at least six months during the taxable year; the person cared for is physically or mentally incapable of caring for himself or herself and his or her income does not exceed 200% of federal poverty guidelines.

The estimated total reduction to the General Fund would be as follows:

FY 2015-2016	\$0
FY 2016-2017	\$12,447,000
FY 2017-2018	\$12,608,000

LB 470 would require a one-time programming charge of \$75,529 paid to the OCIO to add two lines to the Form 1040N, as well as to the NebFile online filing system.

Major Objects of Expenditure							
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures
Operating Costs					\$75,529	\$0	\$0
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total					\$75,529	\$0	\$0