

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$177,778	\$0	\$25,711	(\$2,500,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$177,778	\$0	\$25,711	(\$2,500,000)

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

LB 174 creates the Apprenticeship Training Program Tax Credit Act and amends Nebraska Revised Statutes Sections 77-2715.07, 77-2717, and 77-2734.03.

Between November 1 and December 31 of each year, a taxpayer planning to employ one or more apprentices during the following calendar year may apply to the Department of Revenue for a nonrefundable credit against Nebraska income tax.

The application shall include the following information:

- a) Name and address of the taxpayer;
- b) Total number of apprentices that will be employed during the following calendar year;
- c) Number of hours expected to be worked by each apprentice during the following calendar year;
- d) Total wages expected to be paid to each such apprentice during the following calendar year; and
- e) Any other documentation required by the Department.

The tax credit is to be in an amount that is equal to one dollar multiplied by the total number of hours expected to be worked by an apprentice as part of a qualified apprenticeship program during the following calendar year. The credit may not exceed the lesser of the following:

- a) \$2,000; or
- b) 50% of the total wages paid to the apprentice during the calendar year.

The total amount of credits available in a taxable year is capped at \$2,500,000 for all claimants. Tax credits not fully used may be carried over until fully utilized. Applications for the credit are to be considered in the order in which they received.

The credit shall be available for taxable years beginning January 1, 2018.

A qualified apprenticeship program is one that is:

- a) Administered according to 29 U.S.C. 50;
- b) Consists of at least 1,200 hours but no more than 8,000 hours of on-the-job apprenticeship;
- c) Is certified in accordance with regulations adopted by the U.S. Bureau of Apprenticeship and Training; and
- d) Is administered by trustees.

The Department of Revenue estimates the fiscal impact of LB 174 as follows:

FY2017-18:	\$ 0
FY2018-19:	(\$ 2,500,000)
FY2019-20:	(\$ 2,500,000)
FY2020-21:	(\$ 2,500,000)

The Department indicates that LB 174 would require a one-time programming charge of \$96,916 paid to the Office of the CIO for mainframe and web development changes. The Department will need to hire IT contractors to implement an IT application to track credits. In addition, the Office of the CIO estimates an additional cost of \$47,500 for hiring contractors to implement the application. The Department will also require 0.5 FTE Revenue Tax Specialist in FY2017-18 and 0.5 FTE Fiscal Compliance Analyst in subsequent years. PSL for the respective fiscal years of the biennium will be \$25,084 and \$19,332.

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

LB 174 would require a one-time programming charge of \$96,916 paid to the OCIO for mainframe and web development changes. The Department would need to hire IT contractors to implement an IT application for LB 174 to track credits. The OCIO estimates an additional cost for hiring contractors of \$47,500 to implement the application. The Department will require 0.5 FTE Revenue Tax Specialist in the first year of implementation and 0.5 FTE Fiscal Compliance Analyst in subsequent years.

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

2017

LB⁽¹⁾ 174

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ _____ Date Prepared: ⁽⁴⁾ _____ Phone: ⁽⁵⁾ _____

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: There will be no fiscal impact on the Nebraska Department of Labor.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Salaries	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____