

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$114,990		\$36,800	(\$13,040,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$114,990		\$36,800	(\$13,040,000)

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

LB 531 seeks to adopt the Nebraska Child Care Contribution Tax Credit Act. LB 531 defines various terms, such as child, child care, and eligible childcare and early childhood education programs.

LB 531 becomes operative January 1, 2022.

Beginning January 1, 2022, and ending January 1, 2027, the Department of Revenue shall provide a nonrefundable income tax credit for qualifying taxpayers that made contributions to an eligible child care and early childhood education program during the tax year. This includes contributions made to promote or enhance the quality of child care and early childhood education programs. The credit is equal to 50% or 75%, and a taxpayer shall not receive more than \$100,000 per taxable year. The credit is equal to 75% if the qualifying contribution made by a taxpayer was made to an eligible program that either (a) is located in a designated opportunity zone in Nebraska, or (b) that has at least one child enrolled in the child care subsidy program and is actively caring and billing for the child. For all other contributions, the credit shall be equal to 50%.

Under LB 531, any credit received in excess of a taxpayer’s liability, the taxpayer may carry this forward for up to five taxable years after the year the credit was first allowed.

Revenue:

The Department of Revenue estimates that 6,100 taxpayers will utilize the Nebraska Child Care Contribution Tax Credit Act, with 700 being in an area within an opportunity zone. The general fund impact is estimated as follows:

- FY22: \$0
- FY23: (\$13,040,000)
- FY24: (\$13,692,000)
- FY25: (\$14,377,000)

There is no basis to disagree with these estimates.

Expenditures:

The Department of Revenue estimates the need for a 0.5 FTE Revenue Tax Specialist beginning in FY22-23 to implement LB 531. Additionally, DOR expects an OCIO charge of \$104,910 and a contract fee of \$10,080 to implement LB 531 within Nebraska’s tax filing system. There is no basis to disagree with these estimates.

carried forward for up to 5 taxable years after the year in which the credit was first allowed. DOR may approve credits up to \$15 million each year. Credits may be recaptured if they are obtained by fraud or misrepresentation.

DOR utilized data from Colorado's Child Care Contribution Credit to determine the fiscal impact by scaling the use of the credit to Nebraska's population. It is estimated that approximately 6,100 taxpayers will be applying for the credits, with 700 of those to be used in an area within an opportunity zone. Under these assumptions, LB 531 is estimated to have the following fiscal impact on the General Fund revenues.

FY2021-2022	\$	-
FY2022-2023	\$	(13,040,000)
FY2023-2024	\$	(13,692,000)
FY2024-2025	\$	(14,377,000)

DOR will need 0.5 FTE Revenue Tax Specialist starting in FY22-23 and FY23-24 to implement the bill.

LB 531 will require a one-time programming charge of \$104,910 paid to the OCIO to add a line to form 1040N, 1120N, 1041N and web development cost for NebFile, and a one-time contract fee of \$10,080 paid to the OCIO for changes to Corporate and Individual MeF.

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

2021

LB⁽¹⁾ 531

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

Unknown at this time. Tax credit is capped at \$15,000,000 but the use of the tax credit in the state fiscal years 2021-2022 and 2022-2023 is not known.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____