

Revised due to adoption of amendments on General File.

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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 217, as amended by AM634, now contains the provisions of the following legislative bills:

- LB 49
- LB 228
- LB 233, as amended by AM127
- LB 238
- LB 288, as amended by AM323
- LB 387

AM634 was amended by AM814.

LB 217, as originally introduced, amended Nebraska Revised Statutes Section 77-3517 regarding the homestead exemption.

Current law provides that if, after completion of a review of a homestead exemption, the Tax Commissioner determines that the exemption should have been denied or reduced, the county assessor is to remove or reduce the exemption from the county's tax rolls. The amount of tax now due as a result of this action becomes a lien on the homestead until paid.

Language is added to this section to provide that 30 days after the exemption is removed or reduced, interest shall begin to accrue on the amount of tax due at the rate set forth in Section 45-104.01. That rate is currently set at an annual rate of 14%.

Fiscal Impact: The Department of Revenue estimates no fiscal impact to the General Fund and the cost to implement these provisions of LB 217 will be minimal.

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

AM634 (LB 49): The amendment requires that within 60 days of the enactment of such an amendment of the Internal Revenue Code (IRC), the Tax Commissioner shall prepare and submit a report that outlines the changes in the IRC and its impact on state revenue and various classes and types of taxpayers. The report is to be submitted to the following:

- Governor
- Legislative Fiscal Analyst
- Speaker of the Legislature
- Chairperson of the Executive Board
- Chairperson of the Revenue Committee
- Chairperson of the Appropriations Committee

If the Tax Commissioner determines that the enacted amendment to the IRC will result in an impact of less than \$5,000,000 on state revenue, the above requirement does not apply.

Fiscal Impact: The Department of Revenue has indicated that there is no fiscal impact to General Fund revenues as a result of this portion of LB 217, as amended.

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

AM634 (LB 228): Amends Nebraska Revised Statutes Section 77-1333 regarding rent-restricted housing to require the owner of a rent-restricted project to electronically file a form detailing actual income and expense data and other information with the Rent-Restricted Housing Projects Valuation Committee. The Department of Revenue is to forward such statements to the appropriate county assessor on or before August 15 of each year.

Fiscal Impact: The Department of Revenue estimates no fiscal impact to the General Fund as a result of these provisions and no cost to implement.

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

AM634 (LB 233, as amended by AM127): This is the Department of Revenue's annual clean-up bill and amends a number of sections of Nebraska Revised Statutes.

Section 9-433 is amended to delete obsolete language regarding the authority of a county or incorporated municipality to tax, regulate, control, or prohibit any lottery or raffle.

Section 69-2710.01, Section 77-2701.01, 77-2604, and 77-2604.01 are amended to adopt uniform filing language for Master Settlement Agreement (MSA) escrow and cigarette tax filings to be in the manner prescribed by the Tax Commissioner. The intent is for these filings to be done electronically.

Section 77-2756 is amended to change the filing date for employers filing W-2 forms with the Department from February 1 to January 31, to match the federal filing deadline.

Section 77-2783 is amended to add language regarding clerical errors in the event of an understated amount of tax on a tax return.

Section 77-27,238 is amended to further define "eligible employee" for purposes of the tax credit available to certain employers.

Section 77-4212, regarding the Property Tax Credit, is amended to provide reporting requirements for county treasurers upon the return of unused funds from the credit.

Section 77-5725, regarding the Nebraska Advantage Act, is amended to clarify when property is eligible for the property exemption provided for in the Act.

Section 79-1016 is amended to change the reporting date for school adjusted value from August 25 to August 20, the same date that taxable values are certified to the local governments. The date to amend school adjusted value would be changed from September 30 to August 31.

The Low-Income Home Energy Conservation Act, Sections 66-1012 to 66-1019.01, is outright repealed.

Fiscal Impact: The Department of Revenue estimates no fiscal impact to General Fund revenues or cost to implement these provisions of LB 217, as amended.

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

AM634 (LB 238): Amends Nebraska Revised Statutes Section 13-509 regarding taxable value certification by the county assessor.

New language in the bill allows a county assessor to notify a governing body or board of the taxable value of real and personal property by mail, electronically, or by notifying them where on the assessor's web site the taxable values are located.

Fiscal Impact: There is no fiscal impact to the state as a result of these provisions of LB 217, as amended.

The Department of Revenue indicates no cost to implement these provisions of LB 217.

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

AM634 (LB 288): Amends Nebraska Revised Statutes Sections 77-1832, 77-1833, and 77-1837.01 regarding notice of tax deed.

77-1832 is amended to allow for delivery by certified mail or designated delivery and by certified mail to every encumbrancer of the property and the title-holder if that person is not the owner-occupant.

Fiscal Impact: There is no fiscal impact to the General Fund or cost to implement these provisions of LB 217, as amended.

AM634 (LB 387): Amends the Nebraska Affordable Housing Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Angel Investment Tax Credit Act, and the Business Innovation Act.

The Nebraska Affordable Housing Act is amended to change a requirement on the allocation of funds by the Department of Economic Development by congressional district. The current language of statute requires the Department to allocate a specific a minimum of 30% of funds available to each congressional district. The new language of LB 387 provides that the Department shall make "its best efforts to allocate" at least 30% of funds available to each district.

The Nebraska Microenterprise Tax Credit Act is amended to strike the definition of distressed area, strikes the requirement that projects must be in a distressed area, strikes references to distressed area, and adds language that credits are to go to projects that contribute to the state's economy.

The Angel Investment Tax Credit Act is amended to remove the definition of distressed area (which is the same as in the Microenterprise Tax Credit Act), strikes references to distressed area, changes the percentage of refundable tax credit available to a qualified small business to 40% for all qualified small businesses. Existing language in statute only allows the 40% credit to those qualified small businesses located in a distressed area; all other qualified businesses received 35%.

In addition, the bill strikes the confidentiality requirement regarding qualified small businesses. Such confidentiality would now only apply to the qualified investor.

Section 81-1201.15 is amended to provide that the Business Recruitment Division of the Department of Revenue could now withhold information regarding recruitment, location, relocation, and expansion projects from the public until a public announcement is made or until negotiations are concluded.

The Business Innovation Act is amended to strike the definition of distressed area (the same definition as in the two other Acts), strikes references to distressed areas, and removes the requirement that at least 40% of funding for financial assistance programs goes to projects in distressed areas.

Fiscal Impact: The Department of Revenue estimates no fiscal impact to the General Fund or cost to implement these provisions of the bill.

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

AM814 to AM634: Amends Section 77-2503 regarding the affordable housing tax credit to conform more closely to the federal tax credit provisions and adds requirements regarding notification of transfer, sale, or assignment by the taxpayer to the Department of Revenue. The amendment would also allow any reduction in the credit in the first credit period due to the project being placed in service during the year, to be taken in the seventh credit period. It also requires a person to notify the Department of Revenue when credits are transferred, sold, or assigned.

Fiscal Impact: The Department of Revenue estimates there will be a reduction in General Fund revenues of \$2.2 million beginning in FY2025-26.

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

LB 217, as amended, contains the emergency clause.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials (NACO) indicates that LB 217, as originally introduced, could have a minimally positive fiscal impact.

We have no basis to disagree.

