

Revised to include AM763

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	\$72,684		\$44,100	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$72,684		\$44,100	

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

LB 181, as originally introduced, sought to expand the Convention Center Facility Financing Assistance Act.

LB 181 was amended by AM763, which strikes and replaces the original provisions of the bill. AM763 makes changes to the refundable income tax credit relating to school district property taxes paid, allowing pass-through entities to claim the tax credit on the entity's return rather than by the owners'. AM763 allows such entities that did not claim the tax credit in for taxes paid in 2020 to claim a credit for the amount times 6%.

Revenue:

The Department of Revenue estimates no revenue impact to the General Fund as a result of LB 181, as amended by AM763. There is no basis to disagree with this estimate.

Expenditures:

As amended by AM763, the Department of Revenue estimates the need for a 1.0 FTE Revenue Operations Clerk II to handle such refunds to pass-through entities. Additionally, DOR expects an OCIO charge of \$24,584 to implement AM763. There is no basis to disagree with these estimates.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: Tony Fulton		Date Prepared: 4/14/2021				
		Phone: 471-5896				
	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$72,684	See Below	\$44,100	See Below	\$45,100	See Below
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$72,684	See Below	\$44,100	See Below	\$45,100	See Below

AM 763 to LB 181 would amend Neb. Rev. Stat. § 77-6703, dealing with the refundable income tax credit for school district property taxes paid, to do four things:

- 1. The requirement in the current law that the school district property taxes paid by a subchapter S corporation, partnership, LLC, or fiduciary must be passed through to its owners to be claimed would be made discretionary and limited to tax year 2020;
- 2. Beginning with tax year 2021, the school district property taxes paid by these pass-through entities must be claimed on the return of the entity rather than passed through;
- 3. For tax year 2021, pass-through entities that did not claim or distribute the school district property taxes paid in 2020 are allowed a 2021 credit for the amount paid in 2020 times 6%; and
- 4. For fiscal year and short year taxpayers, the credit must be calculated based on the school district property taxes paid during the immediately preceding calendar year.

AM 763 is to be operative for taxable years beginning retroactively to January 1, 2020 and it bears the emergency clause.

AM 763 will not change the total amount of property tax credit of \$125 million for tax year 2020, however, AM 763 will shift an undeterminable amount from FY20-21 to FY21-22 due to some of these pass-through electing to claim the school district property taxes paid in 2020 in their 2021 tax return rather than 2020 tax return.

AM 763 will require a one-time charge of \$24,584 paid to the OCIO for mainframe application development costs for adding a line to the 1120SN. Also, the Department will need 1 FTE of Revenue Operations Clerk II to handle the direct vouchered for partnership refunds.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>21-22 FTE</u>	<u>22-23 FTE</u>	<u>23-24 FTE</u>	<u>21-22 Expenditures</u>	<u>22-23 Expenditures</u>	<u>23-24 Expenditures</u>
R29112	Revenue Operations Clerk II	1.0	1.0	1.0	\$32,400	\$33,200	\$33,000
Benefits.....					\$10,700	\$10,900	\$11,200
Operating Costs.....					\$24,584		
Travel.....							
Capital Outlay.....					\$5,000	\$0	\$0
Capital Improvements.....							
Total.....					\$72,684	\$44,100	\$45,100