PREPARED BY: Austin Ligenza
DATE PREPARED: April 16, 2021
PHONE: (402)471-0050

LB 181

Revision: 03

Revised to include AM763 Revised to reflect revised agency response.

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							
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 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:

The Department of Revenue submitted a revised response, noting that while the provisions of AM763 will shift some pass-through entities to claim the credit on their 2021 return instead of their 2020 return, the costs to the department will be minimal. There is no basis to disagree with this estimate.

State Agency Estimate								
State Agency Name: Department of Revenue			Date Due LFO:					
Approved by: Tony Fulton		Date Prepared:	4/14/2021	4/14/2021 Phone: 471-5896				
	FY 2021-2022		FY 2022-2023		FY 2023-2024			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$0	See Below	\$0	See Below	\$0	See Below		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$0	See Below	\$0	See Below	\$0	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.

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure								
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures	
	Benefits							
	Operating Costs							
Travel								
Capital Outlay								
Capital Improvements								
Total								