PREPARED BY: Doug Gibbs
DATE PREPARED: February 24, 2015
PHONE: 402-471-0051

LB 356

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2015-16		FY 2016-17	
	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 356 amends Nebraska Revised Statutes Sections 77-1333 and 77-5007.

Section 77-1333 is amended to define a rent-restricted housing project to mean a project consisting of five or more houses or residential units that is financed, in whole or in part, with an allocation of federal low-income housing tax credits.

This section is further amended to now require county assessors to utilize an income-approach calculation for all rent-restricted housing projects to determine taxable valuation.

The bill creates the Rent-Restricted Housing Projects Valuation Committee. This Committee is placed within the Department of Revenue for administrative purposes. The Committee is to develop a market-derived capitalization rate which is to be used by county assessors in determining assessed value for rent-restricted housing projects. The Committee is to be comprised of the following four individuals:

- A representative of local government assessing officials appointed by the Tax Commissioner;
- A representative of the low-income housing industry appointed by the Tax Commissioner based on a recommendation by the Nebraska Commission on Housing and Homelessness;
- The Property Tax Administrator or their designee;
- An appraiser from the private sector appointed by the Tax Commissioner.

The bill requires the owner of a rent-restricted housing project to file a detailed income and expense data statement with the Committee and the county assessor by October 1 of each year. If this statement is not filed in a timely manner, the county assessor may use any method for determining value within certain restrictions.

The bill also provides that the county board of equalization and the Tax Commissioner may appeal valuations of rent-restricted housing projects made in the method required by LB 356 to the Tax Equalization and Review Commission (TERC).

Section 77-5007 is amended to allow the TERC to rule on appeals regarding the capitalization rate of rent-restricted housing projects and the income approach calculation used by county assessors.

There is no fiscal impact to the state as a result of LB 356.

The Department of Revenue indicates the cost to implement the provisions of LB 356 will be minimal.

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 356	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/24/2015	PHONE: 471-4181
COMMENTS: Concur. Minimal fiscal impact on the Department of Revenue.		

LB 356 Fiscal Note 2015

State Agency Estimate

State Agency Name: Department of Revenue								Date Due LFA:	2/24/2015	
Approved by: Len Sloup			Date Prepared:	2/24/2015				Phone: 471-5896		

	FY 2015-2016		FY 2016-2017		FY 2017-2018	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		$0		$0		$0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		$0		$0		$0

LB 356 changes the assessment of rent-restricted housing projects that consist of five or more houses or residential units financed (in whole or in part) with federal low-income housing tax credits and mandates the use of the income approach for valuation purposes of those projects.

LB 356 creates the Rent-Restricted Housing Projects Valuation Committee (Committee), which will determine a statewide capitalization rate for rent-restricted housing projects. The Committee will develop a formula-based market capitalization rate to be used by county assessors in determining assessed valuation of these projects.

The Tax Equalization and Review Commission may rule on appeals relating to the capitalization rates used for the valuation of the rent-restricted housing projects or the income approach calculation used by county assessors to value rent-restricted housing projects.

There is no General Fund impact associated with this bill.

The Department's cost to implement the bill is expected to be minimal.

Major Objects of Expenditure

Class Code	Classification Title	15-16 FTE	16-17 FTE	17-18 FTE	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures
Benefits……							
Operating Costs……							
Travel……							
Capital Outlay……							
Aid……							
Capital Improvements……							
Total……							