

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$88,565	\$0	\$0	(\$351,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$88,565</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$351,000)</b>

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

LB 372 creates the First-time Home Buyer Savings Plan Act.

The bill allows an individual, or jointly with another individual, to establish a first-time home buyer savings account in a financial institution authorized to do business in Nebraska. The account may be used to pay eligible costs for the purchase of a single-family residence in Nebraska. Eligible costs include the down payment and allowable closing costs. The account holder may claim first-time home buyer savings account status for up to \$50,000 in the account.

Non-qualified withdrawals from the account are subject to a five percent penalty and recapture of income that was subtracted pursuant to Section 77-2716; except no penalty is assessed in the event funds were withdrawn because of the beneficiary's death or disability, for a bankruptcy, or transferred to another first-time home buyer savings account for the benefit of another beneficiary.

The bill also provides a criminal penalty, a Class I misdemeanor, for any person who knowingly prepares a false claim, statement, or billing to avoid or evade taxes or penalties upon a non-qualified withdrawal of funds from the account.

LB 372 excludes all interest or other income attributable to the first-time home buyers savings account from Nebraska income tax.

The bill also provides that an account holder shall be subject to Nebraska income tax to the extent of any loss deducted as a capital loss for federal income tax purposes attributable to the account.

The bill is operative for tax years beginning January 1, 2016 and thereafter.

The Department of Revenue estimates the following fiscal impact of LB 372 to the General Fund:

FY2015-16:	\$ 0
FY2016-17:	(\$ 351,000)
FY2017-18:	(\$ 365,000)
FY2018-19:	(\$ 379,000)

The Department of Revenue indicates a cost of \$88,565 for mainframe programming and web development costs.

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

