

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	\$71,521			
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$71,521			

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

LB 233 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 77-2503 is amended to clarify that Nebraska affordable housing tax credits shall be allocated among the partners, members, or shareholders of partnerships, limited liability companies, and S corporations. In addition, language is added to statute to clarify the transfer, sale, or assignment of affordable housing tax credits and to require persons holding such credits to notify the Department when they transfer, sell or assign credits. They are also required to provide the Department with the tax ID of the transferee.

Section 77-2506 is amended to clarify the provisions of the repayment of recaptured Nebraska affordable housing tax credits that they are due and payable to the Department rather than becoming taxable income.

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 77-4014 is amended to provide for electronic filing of other tobacco products (OTP) tax returns. Specifically, the language would say that the returns must be filed “in the manner prescribed by the Tax Commissioner,” allowing a transition period, if necessary.

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.

The Department of Revenue estimates no fiscal impact to General Fund revenues. Programming changes required by the changes to Section 77-4014 will be charged to the Tobacco Products Administration Fund, which is a cash fund. This is a one-time charge of \$71,521 to be paid to the Office of the CIO.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB:233	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Lyn Heaton	DATE: 1/24/2017	PHONE: <a href="tel:4024714181">(402) 471-4181</a>
COMMENTS: No basis upon which to disagree with the Dept. of Revenue's analysis.		

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA: 1/23/2017				
Approved by: Tony Fulton		Date Prepared: 1/23/2017				
		Phone: 471-5896				
	<b>FY 2017-2018</b>		<b>FY 2018-2019</b>		<b>FY 2019-2020</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$0	\$0	\$0		\$0
Cash Funds	\$71,521					
Federal Funds						
Other Funds						
Total Funds	\$71,521	\$0	\$0	\$0	\$0	\$0

LB 233 amends various statutes to streamline, clarify, and automate the procedures of the Nebraska Department of Revenue.

Section 1 amends Neb. Rev. Stat. § 9-433 to repeal a current requirement that nonprofits wishing to run a lottery or raffle in certain counties or cities must have specific authorization of the city or county by ordinance or resolution.

Sections 3 & 4 amend Neb. Rev. Stat. §§ 77-2503 & 2506 to clarify four aspects of the Affordable Housing Tax Credit, which was enacted last year as part of LB 884. Specifically, the bill would:

1. Limit the direction in the legislation to allocate the credits to the owners to situations where the applicant is a pass-through entity, like a Subchapter S corporation or limited liability company;
2. Change the language allowing transferability of ownership interests from “assign” to the more familiar terms, “transferred, sold, or assigned;”
3. Require persons that hold the affordable housing tax credits to notify the Department of Revenue when they transfer, sell, or assign the credits, and provide the Department with the tax ID of the transferee; and
4. Provide that any credits that are to be recaptured are simply due and payable to the Department rather than becoming taxable income.

Taxpayers may claim Affordable Housing Tax Credits starting with tax years beginning on or after January 1, 2019.

Sections 2, 5 & 6 amend Neb. Rev. Stat. §§ 69-2701.01, 77-2604, & 77-2604.01 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.” These forms are currently filed electronically.

Section 7 amends Neb. Rev. Stat. § 77-2756 to change the filing date for employers filing Forms W-2 with the Department of Revenue from February 1 to January 31, to match the federal filing deadline.

Sections 8 & 9 amend Neb. Rev. Stat. §§ 77-2783 & 77-2785 to allow the Department to correct clerical errors on an income tax return, in addition to mathematical errors. This is the same power that the Internal Revenue Service has with regard to the federal income tax. “Clerical error” would be defined to include numbers that do not match information provided independently by employers, such as withholding amounts.

Section 10 amends Neb. Rev. Stat. § 77-27,238 (the credit for employers of a family member of a TANF recipient enacted by LB 774, 2016) to clarify that the family member must be a caretaker relative for a family unit that received TANF benefits and must become employed during the year for which the credit is sought.

Section 11 amends Neb. Rev. Stat. § 77-3510 to remove the requirement that the Tax Commissioner provide printed homestead exemption forms to assessors. Instead, these forms could be provided in any manner approved by the Tax Commissioner.

