Doug Gibbs February 27, 2013 402-471-0051

LB 348

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	3-14	FY 2014-15				
	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 348 amends Nebraska Revised Statutes; Section 77-1333, regarding assessment of rent-restricted housing projects.

The bill would change statute to require the county assessor to utilize an income-approach calculation when determining the assessed valuation of rent-restricted housing projects.

The county assessor is also required to use a capitalization rate provided by the Nebraska Investment Finance Authority (NIFA) when using the income-approach calculation. NIFA is to determine the capitalization rate on an annual basis and provide it to county assessors.

In addition, the bill strikes language that currently allows the assessor to use other professionally accepted mass appraisal methods when determining the actual value of this type of property.

There is no fiscal impact to the state as a result of LB 348.

The Department of Revenue indicates no cost to the Department to implement the bill.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: <mark>348</mark> AM:	AGENCY/POLT. SUB: Nebraska Assoc. of County Officials (NACO)					
REVIEWED BY: Lyn Heaton	REVIEWED BY: Lyn Heaton DATE: 2/25/2013 PHONE: 402.471.4181					
COMMENTS: No basis upon which to disagree with NACO's analysis. It should be noted that, to the extent that the bill results in a change in the valuation of the affected properties, it would have an impact on the amount of General Funds needed for state aid to schools under the Tax Equity and Educational Opportunities Support Act (TEEOSA).						

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 348 AM: AGENCY/POLT. SUB: Dept. of Revenue						
REVIEWED BY: Lyn Heaton DATE: 2/25/2013 PHONE: <u>402.471.4181</u>						
COMMENTS: Concur. No fiscal impact to the Dept. of Revenue.						

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: <mark>348</mark>	LB: 348 AM: AGENCY/POLT. SUB: Nebraska Investment Finance Authority (NIFA)						
REVIEWED BY: Lyn Heaton DATE: PHONE: 402.471.4181							
COMMENTS: It is anticipated that the determination of a capitalization rate by NIFA staff will require a relatively minimal							
amount of staff time, assuming the necessary data is readily obtained.							

Fiscal Note 2013

		State Agency	Esumate			
State Agency Name: Department of	Revenue				Date Due LFA:	1/29/13
Approved by: Douglas Ewald		Date Prepared:	1/24/13		Phone: 471-5896	
	FY 201	3-2014	FY 201	4-2015	FY 20	15-2016
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$0		\$0		\$0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$0		\$0		\$0
-						

State A man any Estimate

LB 348 amends Neb. Rev. Stat. § 77-1333 to change the provisions related to the assessment of rent-restricted housing projects that are constructed and financed (in whole or in part) with federal low-income housing tax credits under Internal Revenue Code § 42.

LB 348 requires the county assessor to use an income-approach calculation to determine the assessed value of the rent-restricted housing projects. The county assessors are to use a capitalization rate that is annually determined by the Nebraska Investment Finance Authority and provided to county assessors.

When capitalizing the income stream, the IRC § 42 low-income housing tax credits that are granted to the owners of rent-restricted housing projects are not to be used when considering income for purposes of the income-approach. Also, the county assessor is no longer authorized to consider other professionally-accepted mass appraisal methods when determining actual value of a rent-restricted housing project.

It is estimated that this bill will have no impact on the General Fund.

It is estimated that there will be no costs to the Department to implement this bill.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 <u>Expenditures</u>	14-15 <u>Expenditures</u>	15-16 <u>Expenditures</u>
Benefits							
Operating Costs							
Capital Outlay							
Aid							
Capital Improvements							

Please complete <u>ALL</u> (5) blanks in the first three lines.

TOTAL FUNDS

LB ⁽¹⁾ 348 FISCAL NOTE									
State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)									
Prepared by: ⁽³⁾ Elaine Menzel	Date Prepared: ⁽⁴⁾	1/23/2013 Ph	ione: (5)	402.434.5660, ext. 225					
ESTIMATE PROV	ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION								
	<u>2013-14</u>	—	Y 2014-						
<u>EXPENDITURE</u>	<u>S</u> <u>REVENUE</u>	<u>EXPENDITURES</u>	<u> </u>	<u>REVENUE</u>					
GENERAL FUNDS			_						
CASH FUNDS	_		_						
FEDERAL FUNDS	_		_						
OTHER FUNDS			_						

<u>Return by date specified or 72 hours prior to public hearing, whichever is earlier.</u> Explanation of Estimate:

LB 348 would require county assessors to utilize the capitalization rate provided by the Nebraska Investment Authority (NIFA) when utilizing the income-approach calculation for determining an assessed value of rent-restricted housing projects constructed to allow an allocation of low-income housing tax credits under Section 42 of the Internal Revenue Code and approved by NIFA. The fiscal impact to counties is unknown and potentially differs in counties with properties of this nature.

M	AJOR OBJECT	S OF EXPENDIT	ΓURE	
Personal Services:				
	NUMBER OF	POSITIONS	2013-14	2014-15
POSITION TITLE	<u>13-14</u>	<u>14-15</u>	EXPENDITURES	EXPENDITURES
Benefits				,
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
1 1				
TOTAL				

LB ⁽¹⁾ 348 FISCAL NOT	E						
State Agency OR Political Subdivision Na	ame: ⁽²⁾ or political subd	(2) Nebraska Investment Finance Authority (not a state agency or political subdivision but rather an independent instrumentality created by Nebraska law)					
Prepared by: ⁽³⁾ Christie Weston Date Prepared: ⁽⁴⁾ 1-28-13 Phone: ⁽⁵⁾ 402-434-3912							
ESTIMATE	ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION						
	FY 2013-14	FY 2014	-15				
EXPENDI		EXPENDITURES	REVENUE				
GENERAL FUNDS							
CASH FUNDS 5,00	0 0	5,000	0				
FEDERAL FUNDS							
OTHER FUNDS							

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

5,000

TOTAL FUNDS

Explanation of Estimate: NIFA estimates that the determination of a capitalization rate will annually require 100 hours of staff time, together with expenses, not to exceed in the aggregate \$5,000. NIFA currently collects an annual compliance monitoring fee from the owners of the low-income housing tax credit developments (the projects which would be subject to LB 348) and does not, at this time, anticipate charging an additional fee to determine the capitalization rate. Accordingly, we have put "\$0" in the line item for REVENUE.

0

5,000

M	AJOR OBJECT	S OF EXPENDIT	FURE	
Personal Services:				
	NUMBER OF	POSITIONS	2013-14	2014-15
POSITION TITLE	<u>13-14</u>	<u>14-15</u>	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

0