LB 674

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202		FY 2022-23					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	See below	See below	See below	See below				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	See below	See below	See below	See below				

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

LB 674 amends various sections relating to the Affordable Housing Tax Credit Act. The changes made are to apply to taxable years beginning on or after January 1, 2020.

LB 674 requires owners of qualified projects to be partners, members, or shareholders on or before the claiming of the tax credit.

LB 674 expands the eligible premium and retaliatory taxes that can be offset by the Affordable Housing Tax Credit to include those under 81-523.

Revenue:

The Department of Revenue estimates no impact to the General Fund. There is no basis to disagree with this estimate.

The tax imposed under 81-523 includes an annual tax credited to the Director of Insurance. Insurance companies that would now be eligible to offset this tax with the Affordable Housing Tax Credit could create a revenue loss for the Department of Insurance.

Expenditures:

The Department of Revenue estimates no cost to implement LB 674. There is no basis to disagree with this estimate.

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFA:									
Approved by: Tony Fulton		Date Prepared:	2/2/2021	Phone: 471-5896					
	FY 2021-2022		FY 2022-2023		FY 2023-2024				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds		\$0		\$0		\$0			
Cash Funds									
Federal Funds									
Other Funds									
Total Funds		\$0		\$0		\$0			

State A compary Estimate

LB 674 Section 1 amends § 77-2501 to add an additional section to the Affordable Housing Tax Credit Act (Act).

Section 2 amends § 77-2502 and adds insurance companies subject to the fire insurance premium tax in § 81-523 to the definition of Taxpayer under the Act.

Section 3 amends § 77-2503. Currently, if the owner of the qualified project is a partnership, a limited liability company, or an S Corporation, the credit under the Act can be allocated among some or all of the partners, members, or shareholders of the owner of the qualified project in any manner agreed to by such persons. LB 674 permits the owner to do so if such persons have been admitted as partners or members, or have acquired their shares, on or prior to the due date for filing the qualified taxpayer's tax return, or amended return, claiming the tax credit. Currently, the Department of Revenue (DOR) has required new members, partners, or shareholders to be admitted to the ownership group by the end of the year in which the credit is earned.

Section 4 amends § 77-2505 and provides than an insurance company subject to the tax in § 81-523 is not required to pay additional premium taxes as a result of claiming the credit under the Act. Additionally the credit may be used to offset the premium tax.

Section 5 references the changes made in Sections 2, 3, and 4 that apply to taxable years beginning or deemed to begin on or after January 1, 2020.

Section 6 harmonizes provisions in § 81-523.

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

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

The operative date for this bill is three months after adjournment.

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 <u>Expenditures</u>	22-23 Expenditures	23-24 Expenditures		
Benefits	Benefits								
Operating Costs									
Travel									
Capital Outlay									
Capital Improvements									
Total									