PREPARED BY: DATE PREPARED: PHONE:

Doug Gibbs February 22, 2012 402-471-0051

## LB 1135

## FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *						
	FY 2012	-13	FY 2013-14			
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE		
GENERAL FUNDS	\$ 203,423	(\$ 2,500,000)	\$ 93,207	(\$ 2,500,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$ 203,423	(\$ 2,500,000)	\$ 93,207	(\$ 2,500,000)		

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1135 amends Nebraska Revised Statutes dealing with revenue and taxation to provide an income tax credit.

The bill creates a nonrefundable and nontransferable income tax credit for individuals, corporations, trusts, and estates that purchase certain energy star certified items. The credit is to be equal to five percent of the purchase price for windows, central air conditioners, furnaces, heat pumps, or water heaters purchased during the tax year. The amount of credit a taxpayer may receive in any one tax year is capped at \$250.

The taxpayer must apply to the Department of Revenue for the credit and provide documentation as required by the Department to verify eligibility.

The applications are to be considered by the Department in the order they are received and the maximum amount of credits that may be approved in a calendar year is capped at \$2,500,000. After the cap is reached, no further applications are to be considered.

The Department may accept application for credits through December 31, 2014.

Energy star certified means approved as to energy usage by the U.S. Environmental Protection Agency and the U.S. Department of Energy.

The Department of Revenue estimates the General Fund revenue impact as follows:

FY2012-13:	(\$ 2,500,000)
FY2013-14:	(\$ 2,500,000)
FY2014-15:	(\$ 2,500,000)

The Department indicates the cost to implement LB 1135 will include a one-time mainframe programming charge by the OCIO to add lines to the 1040N, 1120N, and 1041N returns and to NebFile which is estimated to total \$90,794. The Department also estimates they will need 2.5 FTE Revenue Operations Clerk II.

We agree with the Department's estimate of fiscal impact and cost.

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LB 1135					<b>Fiscal Note</b>	2012
		State Agency	EstimateLEGIS	LATIVE FISCAL		
State Agency Name: Department of	Revenue				Date Due LFA:	1/19/2012
Approved by: Douglas Ewald		Date Prepared:	2/10/2012		Phone: 471-5700	
	FY 2012	-2013	FY 20 <u>1</u> 3	-2014	FY 201 <u>4-2015</u>	
	Expenditures	Revenue	Expenditures	<u>Revenue</u>	Expenditures	Revenue
General Funds	\$203,423	(\$2,500,000)	\$93,207	(\$2,500,000)	\$95,535	(\$2,500,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$203,423	(\$2,500,000)	\$93,207	(\$2,500,000)	\$95,535	(\$2,500,000)
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LB 1135 provides a nonrefundable income tax credit for 5% of the purchase price of Energy Star-certified windows, central air conditioners, furnaces, heat pumps, or water heaters for the year in which the purchase was made. An Energy Star-certified product means a product's energy efficiency was approved by the United States Environmental Protection Agency and may be signified by the display of the Energy Star label.

Individuals, corporations, trusts, and estates are eligible for the credit. A taxpayer must file an application with the Tax Commissioner to be eligible for the credit. The Commissioner must review each application and, if approved, issue a tax credit certificate in the amount of the credit. Applications are reviewed and credits awarded in the order in which they are received. The credit is capped at \$250 annually per taxpayer and may not be carried over. The total credits issued may not exceed \$2.5 million each calendar year. No applications may be filed for the credit after December 31, 2014.

This bill would impact revenue to the General Fund by the following amounts: FY 2012-13: (\$2,500,000) FY 2013-14: (\$2,500,000) FY 2014-15: (\$2,500,000)

Departmental cost to implement LB 1135 includes a one-time mainframe programming charge by the OCIO to add lines to the 1040N, 1120N, and 1041N returns and to NebFile, which is estimated to total \$90,794, and 2.5 FTE Revenue Operations Clerk II. Costs are expected to total \$203,423, \$93,207, and \$95,535 for fiscal years 2012-13 through 2014-15, respectively.

	Maj	or Objects of H	Expendit	ure			
<u>Class Code</u> S29112	<u>Classification Title</u> Revenue Operations Clerk II	<b>12-13</b> <u>FTE</u> 2.5	13-14 FTE 2.5	14-15 <u>FTE</u> 2.5	<b>12-13</b> <u>Expenditures</u> \$69,042	<b>13-14</b> <u>Expenditures</u> \$70,423	14-15 <u>Expenditures</u> \$71,831
Denefite					<u> </u>		
Operating Costs				•••••	\$22,337 \$90,794	\$22,784	\$23,704
Travel Capital Outlay					\$21,250		
Aid							
Total	ents	••••••	•••••••	•••••	\$203,423	\$93,207	\$95,535