

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$329,097	\$0	\$25,746	(\$4,410,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$329,097	\$0	\$25,746	(\$4,410,000)

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

LB 951 creates the Affordable Housing Tax Credit Act and provides a nonrefundable tax credit.

Basically, the bill creates a companion tax credit to the federal Low-Income Housing Tax Credit (LIHTC). The amount of the Nebraska tax credit is to be the amount of federal low-income housing tax credits. Nebraska tax credits are to be issued for the first six years of the credit period and shall only be allocated to qualified projects placed in service after January 1, 2017. The maximum amount of Nebraska affordable housing credits awarded in an allocation year shall be no more than 100% of the total amount of federal low-income housing tax credits.

Credits may be used to offset any personal, corporate, or fiduciary income tax or any insurance premium and related retaliatory taxes. Unused tax credits may be carried forward. Credits may be claimed on tax returns filed after January 1, 2018.

Nebraska credits may be recaptured to the extent any federal credits are required to be recaptured or otherwise disallowed.

The Department of Revenue and the Nebraska Investment Finance Authority are given rule and regulation authority to carry out the provisions of the Act.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 951:

FY2016-17:	\$ 0
FY2017-18:	(\$ 4,410,000)
FY2018-19:	(\$ 4,530,000)

The Department indicates that LB 951 will require a one-time programming charge of \$258,036 paid to the Office of the CIO to add a line to Forms 1040N, 1120N, 1041N, and NebFile and to implement a tracking system. The Department will also require 1.0 FTE Revenue Tax Specialist to implement this bill in the first year and 0.5 FTE Fiscal Compliance Analyst to administer this bill in subsequent years. PSL for FY2016-17 will be \$49,670 and \$19,358 for FY17-18.

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

The Department estimates the reduction to the General Fund as follows:

2016-2017	0
2017-2018	\$ 4,410,000
2018-2019	\$ 4,530,000

LB 951 would require a one-time programming charge of \$258,036 paid to the OCIO to add a line to the Forms 1040N, NebFile, 1120N, 1041N, and to implement a tracking system. The Department will require 1.0 FTE Revenue Tax Specialist to implement this bill in the first year and 0.5 FTE Fiscal Compliance Analyst to administer this bill in subsequent years.