

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$112,532	(\$45,000)	\$42,160	(\$366,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$112,532	(\$45,000)	\$42,160	(\$366,000)

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

LB 15 creates the First-Time Home Buyer Savings Account Act.

The bill allows an individual, or jointly with another individual, to establish a first-time home buyer savings account in a financial institution authorized to do business in Nebraska. The account may be used to pay eligible costs for the purchase of a single-family residence in Nebraska. Eligible costs include the down payment and allowable closing costs included on a real estate settlement statement.

For taxable years beginning January 1, 2018, for Nebraska income tax purposes, federal adjusted gross income shall be reduced by an amount equal to any earned interest or other income in the first-time home buyer savings account.

A first-time home buyer is defined as an individual who has never owned or purchased under contract for deed, either individually or jointly, a single-family, owner-occupied primary residence. This includes, but isn't limited to, a condominium unit or manufactured or mobile home that is assessed and taxed as real property.

A qualified beneficiary means a first-time home buyer designated by an account holder.

An account holder means an individual who establishes an account with a financial institution that is designated as a first-time home buyer savings account. The account holder need not be the first-time home buyer.

The maximum contribution for a taxable year is \$14,000 for an individual and \$28,000 for an account holder who files a joint tax return. The maximum amount of all contributions to an account for all taxable years is \$50,000. The maximum total amount that may be in an account is \$150,000. Money may remain in an account for an unlimited duration.

Non-qualified withdrawals from the account are subject to recapture and, in some instances, a penalty of five percent or ten percent of the recapture amount.

The Department of Revenue estimates the following fiscal impact of LB 15 to the General Fund:

FY2017-18:	(\$ 88,000)
FY2018-19:	(\$ 366,000)
FY2019-20:	(\$ 381,000)

The Department of Revenue indicates a one-time cost of \$66,360 for development and tracking costs. To implement the provisions of LB 15, the Department is requesting 1.0 FTE for a Revenue Operations Clerk II. This includes PSL of \$30,956 for FY2017-18 and \$31,699 for FY2018-19.

We disagree with the Department of Revenue on the fiscal impact of LB 15 to the General Fund in FY2017-18. We believe first year utilization of the program will be lower and estimate fiscal impact to the General Fund as (\$45,000).

We have no basis to disagree with the Department's estimate of fiscal impact for FY2018-19 and FY2019-20. We have no basis to disagree with the Department's estimate of cost.

