Douglas Gibbs February 13, 2018 402-471-0051

LB 954

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 201	8-19	FY 2019-20			
	EXPENDITURES REVENUE		EXPENDITURES	REVENUE		
GENERAL FUNDS	\$57,746	\$0	\$0	(\$42,400,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$57,746	\$0	\$0	(\$42,400,000)		

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

LB 954 amends Nebraska Revised Statutes Section 77-2715.07 to provide a refundable income tax credit to renters.

The amount of the credit would be equal to 2% of the rent paid by an individual for their primary residence in the taxable year. The credit may not exceed \$500.

The bill is operative for tax years beginning on or after January 1, 2019.

The Department of Revenue has estimated the following fiscal impact to the General Fund:

FY2018-19:	\$	0
FY2019-20:	(\$ 42,4	00,000)
FY2020-21:	(\$ 44,4	00,000)

The Department of Revenue also indicates that they will require \$57,746 in one-time programming costs paid to the Office of the CIO to make changes to NebFile and Form 1040N. The bill will not require a personnel increase provided the Department would not be required to develop a rent-verification database.

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

Fiscal Note 2018

State Agency Estimate							
e Agency Name: Department of Rev				Date Due LFA:	2/16/2018		
roved by: Tony Fulton		Date Prepared:	2/15/2018		Phone: 471-5896		
	FY 2018-2019		FY 2019-2020		<u>FY 2020-2021</u>		
<u> </u>	penditures R	levenue	Expenditures	Revenue	Expenditures	Revenue	
eral Funds	\$57,746	\$0		(\$42,800,000)		(\$44,400,000)	
Funds							
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r Funds							
Funds	\$57,746	\$0		(\$42,800,000)		(\$44,400,000)	
ral Funds Funds ral Funds r Funds	penditures <u>R</u> \$57,746	<u>\$0</u>		<u>Revenue</u> (\$42,800,000)		<u>Reven</u> (\$44,40	

LB 954 provides a refundable income tax credit for individuals who rent their primary residence. The credit will be equal to 2% of the rent paid by the individual during the taxable year for the primary residence. The credit is limited to \$500 per person.

LB 954 is costed as if "individuals who rent their primary residence" refers only to renter-occupied housing and not individuals who live in but also rent part of their primary residence to others, or rent out their primary residence for part of the year.

The bill becomes operative January 1, 2019.

Using the American Community Survey Public Use Microdata Sample (PUMS) data for Nebraska, the Department estimates approximately 234,000 monthly renters in Nebraska with the average renter receiving approximately \$180 in credits in 2019. The Department assumes no change in withholding and estimates the total reduction to the General Fund revenues as follows:

FY 2018-19	\$ 0
FY 2019-20	\$ 42,800,000
FY 2020-21	\$ 44,400,000

The Department would require \$57,746 in one-time costs paid to the OCIO to make changes to NebFile and Form 1040N. LB 954 would not require a personnel increase provided that the Department would not be required to develop a rent-verification database.

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>
D. C.							
Benefits Operating Costs				\$57,746			
Capital Improvements							
					\$57,746		