PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 01, 2022 402-471-0059

LB 1176

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	22-23	FY 2023-24				
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							

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

LB 1176 amends the Affordable Housing Tax Credit Act.

Under the definition of taxpayer, LB 1176 includes insurance companies subject to retaliatory taxes under section 81-523. Such taxes are related to the issuance of fire insurance.

Under LB 1176, affordable housing tax credits offered under the Act may be used to offset fire insurance retaliatory taxes imposed under section 81-523.

For owners of a qualified project that are a partnership, an LLC, or an S-Corporation, the affordable housing tax credit is allocated among the partners, members, shareholders, or owners. Under LB 1176, such persons must have admitted to this business relationship on or before February 15 of the relevant tax year.

LB 1176 becomes operative January 1, 2023.

This bill is not estimated to have a fiscal impact to the state. The Department of Insurance estimates no additional expenditures or impact on General Fund revenue. The Department of Revenue estimates no additional expenditures or impact on General Fund revenue.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1176	AM:	AGENCY/POLT. SUB: Depa	artment of Insurance				
REVIEWED B	BY: Neil Sullivan	DATE: 2/4/2022	PHONE: (402) 471-4179				
COMMENTS: The Department of Insurance assessment of no fiscal impact from LB 1176 appears reasonable. Fire insurance premium tax is distributed to the General Fund and the resulting impact of credit redemption is the same.							

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1176 AM: AGENCY/POLT. SUB: Department of Revenue							
REVIEWED B	BY: Neil Sullivan	DATE: 2/4/2022	PHONE: (402) 471-4179				
COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 1176 appears reasonable.							

Operating.....

LB ⁽¹⁾ 1176	<u> </u>						FISCAL NOTE
State Agency OR I	Political S	ubdivision Name:	Nebr	aska Departı	ment of Insurance	Э	
Prepared by: (3)	Seth J.	Felton	Da	ite Prepared: ⁽⁴⁾	January 26, 2022	_ Phone: ⁽⁵⁾	(402) 471-4650
	E	STIMATE PRO	OVIDED B	Y STATE AGE	NCY OR POLITICA	<u>L SUBDIVIS</u>	ION
		EXPENDITUE	FY 2022-2 RES	<u>3</u> REVENUE	<u>EXPENDITI</u>	<u>FY 2023</u> <u>URES</u>	-24 <u>REVENUE</u>
GENERAL FUN	DS						
CASH FUNDS							
FEDERAL FUNI	DS						
OTHER FUNDS							
TOTAL FUNDS							
Explanation of E	stimate:						
retaliatory taxes does not allow	s on fire credits t	insurance poli o be claimed o	cies for qu on premiui	alified projects m tax paid on	s, as that term is de iire insurance polic	fined in the ies.	against premium and Act. The current law isters premium and
retaliatory taxes found at Neb. R	s impose Rev. Stat s paid on	ed on regulated . §§ 77-912 ar	d insurers, nd 913. Ne	and then distrib. Rev. Stat. §	butes the taxes col 77-912 provides t	llected pursu hat all fire in	uant to the authorities surance premium o e Treasurer for credi
state taxes are Reliable estima bill were to bed	instead attest of the come law come law	applied agains e amount of ac v are not avail insurance pre	st fire insur Iditional af able at thi	ance premium fordable hous s time. Howev	tax, fire insurance ng act tax credits e er, as the bill does	premium ta ligible taxpa not create	d be applied to othe x would be reduced yers may claim if this new tax credits, the tions of other taxes
		RREAKD	OWN BY N	MAJOR OBJEC	TS OF EXPENDITU	IRF.	
Personal Service	s:	DILLAILD				<u>'1112</u>	
POSIT	ION TIT	LE	NUMBER 22-23	OF POSITION <u>23-24</u>	S 2022-23 EXPENDIT		2023-24 EXPENDITURES
Benefits							

Travel	
Capital outlay	
Aid	
Capital improvements	
TOTAL	

LB 1176 Fiscal Note 2022

State Agency Estimate								
State Agency Name: Department	of Revenue (DOR)				Date Due LFO:			
Approved by: Tony Fulton		Date Prepared:	2/4/2022		Phone: 471-5896			
	FY 2022	FY 2022-2023		3-2024	FY 2024-2025			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$ 0		\$ 0		\$ 0		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0		\$ 0		\$ 0		

LB 1176 amends the Affordable Housing Tax Credit Act (Act) to apply to taxable years beginning on or after January 1, 2023 as follows. Under LB 1176, partnerships, limited liability companies, or S corporations that own a qualified project must allocate the tax credit among all partners, members, or shareholders as agreed to by such persons, but only if such persons are admitted as partners or members or acquired shares of the owner on or before February 15th of the year in which the tax return, or amended return, is filled claiming the credit.

The bill also provides that a fire insurance business or company, as defined in Neb. Rev. Stat. § 81-523, may receive an affordable housing tax credit for use against premium or retaliatory taxes due. These insurance companies are not required to pay any additional retaliatory taxes from claiming the credit, the credit may fully offset any retaliatory tax imposed under Nebraska law, and the credit is considered a payment of tax for purposes under § 77-2734.03(1).

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

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

The operative date for this bill is January 1, 2023.

Major Objects of Expenditure								
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
	ts							
Total								