PREPARED BY: DATE PREPARED: PHONE: John Wiemer January 23, 2025 402-471-0051

LB 182

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | | | | |
|--|--------------|---------|--------------|---------|--|--|--|
| | FY 202 | 25-26 | FY 20 | 26-27 | | | |
| | 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 182 amends the Affordable Housing Tax Credit Act so that a nonprofit corporation of the type listed in 26 U.S.C. 501(c)(3) and 26 U.S.C. 501(c)(4) is added to the definition of taxpayer. The bill removes the definition of taxpayer. LB 182 makes changes so that a taxpayer may transfer, sell, or assign the tax credits to another taxpayer. The bill also adds that the changes made in sections 77-2502, 77-2503, and 77-2506 by this bill shall apply to conditional reservations of Nebraska affordable housing tax credits made by the Nebraska Investment Finance Authority (NIFA) on and after July 1, 2026.

LB 182 amends the Child Care Tax Credit Act. The definition of taxpayer is expanded to include insurance companies subject to premium and related retaliatory tax liability imposed by section 44-150, 77-908, or 81-523 and financial institutions subject to the franchise tax imposed by sections 77-3801 to 77-3807 so that these taxpayers are eligible for the credit for qualifying contributions under section 77-7204 of the Act.

The Department of Revenue estimates no impact on General Fund revenues and minimal costs to it to implement the bill. There is no basis to disagree with these estimates.

The Nebraska Investment Finance Authority (NIFA) estimates additional staff time as a result of the bill but that these costs would be absorbed by NIFA by shifting staff responsibilities. There is no basis to disagree with this estimate.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | | | | |
|--|--------------|------------------------|-----------------------|--|--|--|
| LB: 182 | AM: | AGENCY/POLT. SUB: Depa | rtment of Revenue | | | |
| REVIEWED BY | ′: Ryan Yang | DATE: 1/22/2025 | PHONE: (402) 471-4178 | | | |
| COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 182 appears reasonable. | | | | | | |

| ADMINIST | RATIVE SERVICE | S STATE BUDGET DIVISION: RI | EVIEW OF AGENCY & POLT. SUB. RESPONSE |
|---------------------------|-------------------|----------------------------------|---|
| LB: 182 | AM: | AGENCY/POLT. SUB: Nebrask | a Investment Finance Authority |
| REVIEWED BY: | Ryan Yang | DATE: 1/21/2025 | PHONE: (402) 471-4178 |
| COMMENTS: No from LB 182. | basis to disagree | with the Nebraska Investment Fin | ance Authority assessment of no fiscal impact |

| LB(1) 1 | 82 | | | | FISCAL NOTE | | |
|---|-------------------------------------|---------------------------------|------------------------|-----------------|-------------------------|--|--|
| State Agency | y OR Political Subdivision Name: (2 | Nebraska Investm | ent Finance Auth | ority | | | |
| Prepared by | y: (3) Christie Weston | Date Prepared: (4) | 01/17/2025 | Phone: (5) | 402-434-3900 | | |
| | ESTIMATE PROV | VIDED BY STATE AGEN | NCY OR POLITICAL | <u>SUBDIVIS</u> | ION | | |
| Nebraska Investment Finance Authority Prepared by: (3) Christie Weston Date Prepared: (4) 01/17/2025 Phone: (5) 402-434-3900 ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION FY 2025-26 EXPENDITURES REVENUE EXPENDITURES REVENUE GENERAL FUNDS CASH FUNDS OTHER FUNDS OTHER FUNDS TOTAL FUNDS Explanation of Estimate: The impact of this bill on NIFA would be related to staff time spent on program coordination with the NE Department of Revenue. Estimated cost of staff time = \$20,000 that would be absorbed internally by shifting staff responsibilities. BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE Personal Services: | | | | | | | |
| | | | EXPENDITU | | | | |
| GENERAL | FUNDS | | | | | | |
| CASH FUN | TDS | | _ | | | | |
| FEDERAL | FUNDS | | | | | | |
| | | _ | | | | | |
| | | | _ | | | | |
| | | <u> </u> | <u> </u> | | | | |
| Explanation | n of Estimate: | | | | | | |
| | | | | | | | |
| Personal Se | | WN BY MAJOR OBJECT | <u>rs of expenditu</u> | <u>RE</u> | | | |
| | | NUMBER OF POSITION 25-26 26-27 | S 2025-26 EXPENDITU | | 2026-27 EXPENDITURES | | |
| Renefits | | | _ | | | | |
| | | | | | | | |
| | | | | | | | |
| Capital out | lay | | | | | | |
| Aid | | | | | | | |
| Capital imp | provements | | | | | | |
| TOTAL | 4 | | | | | | |

LB 0182 Fiscal Note 2025

| | | State Agency | Estimate | | | |
|----------------------------------|---------------------|----------------|--------------|---------|-----------------|---------|
| State Agency Name: Department of | of Revenue | | | | Date Due LFO: | |
| Approved by: James R. Kamm | | Date Prepared: | 01/21/2025 | | Phone: 471-5896 | |
| | FY 2025 | 5-2026 | FY 2026-2027 | | FY 2027-2028 | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue |
| General Funds | | \$ 0 | | \$ 0 | | \$ 0 |
| Cash Funds | | | | | | |
| Federal Funds | | | | | | |
| Other Funds | | | | | | |
| Total Funds | | \$ 0 | | \$ 0 | | \$ 0 |

LB 182 amends the Child Care Tax Credit Act to allow the nonrefundable tax credit for contributors to be used to offset any income taxes under the Nebraska Revenue Act of 1967; any premium and related retaliatory taxes due under §§ 44-150, 77-908, or 81-523; or any franchise taxes due under §§ 77-3801 to 77-3807. The definition of taxpayer is expanded to include insurance companies subject to the premium and retaliatory taxes, and financial institutions subject to the franchise tax.

LB 182 amends § 77-2502 of the Affordable Housing Tax Credit Act to remove the definition of qualified taxpayer from the Act. Qualified taxpayer is currently defined as a taxpayer owning an ownership interest, direct or indirect, in a qualified project. The bill also adds to the definition of taxpayer a nonprofit corporation of the type listed in 26 U.S.C. 501(c)(3) or 26 U.S.C. 501(c)(4).

Section 77-2503 and 77-2506 are amended to remove qualified taxpayer from the statutes. For section 77-2503, the nonrefundable credit is allowed to a taxpayer if the authority determines that the project for which tax credits are sought is a qualified project. LB 182 allows taxpayers to transfer, sell, or assign tax credits to another taxpayer. LB 182 amends the notification requirements to provide that: For any tax year an ownership interest or the tax credits are transferred, sold, or assigned under this section, the transferor must notify the Department of Revenue of the transfer, sale, or assignment and provide the tax identification number of the new owner or tax credit purchaser at least 30 days before the new owner or tax credit purchaser claiming the tax credits.

The changes made to §§ 77-2502, 77-2503, and 77-2506 by LB 182 will apply to conditional reservations of Nebraska affordable housing tax credits made by the authority on and after July 1, 2026.

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

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.

| Major Objects of Expenditure | | | | | | | |
|------------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Class Code | Classification Title | 25-26 <u>FTE</u> | 26-27 <u>FTE</u> | 27-28 <u>FTE</u> | 25-26 Expenditures | 26-27 Expenditures | 27-28 Expenditures |
| | | | | | | | |
| | | | | | | | |
| Benefits | | | | | | | |
| Travel | | | | | | | |
| Total | | | | | | | |