Doug Gibbs January 25, 2016 402-471-0051

LB 888

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	6-17	FY 2017-18				
	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 888 amends the Nebraska Job Creation and Mainstreet Revitalization Act regarding historic property tax credits.

The bill provides that tax credits claimed under the Act shall not result in additional retaliatory taxes under Nebraska Revised Statues Section 44-150 and shall be considered a payment of taxes under Section 77-2734.03 (insurance premium tax).

The bill contains the emergency clause.

We believe that there is no additional overall fiscal impact as a result of the provisions of LB 888 due to the already full utilization of the historic tax credit. However, within the internal structure of the credit there will be a negative impact on those cash funds that receive revenue from the insurance premium tax. The Department of Revenue estimates a total reduction in insurance premium tax in the range of \$1 million to \$3.5 million. We have no basis to disagree with that estimate.

The Department of Revenue estimates the cost to implement LB 888 will be minimal.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 888	AM:	AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY: Robin Kilgore			DATE: 1-26-16	PHONE: 471-4180			
COMMENTS: No basis to disagree with agency estimate of fiscal impact.							

LB 888

Fiscal Note 2016

State Agency Estimate									
State Agency Name: Department of				Date Due LFA:	01/25/2016				
Approved by: Tony Fulton		Date Prepared:	01/21/2016		Phone: 471-5896				
	FY 2016-2017		FY 2017-2018		FY 2018-2019				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds		See Below		See Below		See Below			
Cash Funds									
Federal Funds									
Other Funds				See Below		See Below			
Total Funds		See Below		See Below		See Below			

LB 888 would amend Neb. Rev. Stat. §§ 77-2904 and 77-2909 (Nebraska Job Creation and Mainstreet Revitalization Act) to state that use of a Nebraska Historic Tax Credit (NHTC) will not cause any insurance retaliatory tax obligation and will be considered a payment of tax for purposes of the insurance premium tax credit against the corporate income tax. The bill carries the emergency clause.

There would be no fiscal impact for FY 2016-17. For FYs 2017-18 and 2018-19, the Department estimates the total reduction in insurance premium tax would be in the range of \$1 million to \$3.5 million. The reduction in insurance premium tax would be split 50/50 between the General Fund and the Premium and Retaliatory Tax Suspense Fund.

The costs to the Department to implement LB 888 are estimated to be minimal.

Major Objects of Expenditure								
	17-18	18-19	16-17	17-18	18-19			
Class Code	Classification Title	<u>FTE</u>	<u>FTE</u>	FTE	Expenditures	Expenditures	Expenditures	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
A : 1								
Capital Improvements								
Total								