

PREPARED BY: Keisha Patent
 DATE PREPARED: February 01, 2022
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LB 1176

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		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: Department of Insurance	
REVIEWED 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 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.			

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2022

LB⁽¹⁾ 1176

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Insurance

Prepared by: ⁽³⁾ Seth J. Felton Date Prepared: ⁽⁴⁾ January 26, 2022 Phone: ⁽⁵⁾ (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1176 amends the Affordable Housing Tax Credit Act to allow insurers to claim tax credits against premium and retaliatory taxes on fire insurance policies for qualified projects, as that term is defined in the Act. The current law does not allow credits to be claimed on premium tax paid on fire insurance policies.

The Nebraska Department of Insurance’s (DOI) examination division collects and administers premium and retaliatory taxes imposed on regulated insurers, and then distributes the taxes collected pursuant to the authorities found at Neb. Rev. Stat. §§ 77-912 and 913. Neb. Rev. Stat. § 77-912 provides that all fire insurance premium or retaliatory taxes paid on fire insurance premium collected by DOI shall be remitted to the State Treasurer for credit to the General Fund.

DOI anticipates no fiscal impact on its operations or funding from this bill. If credits that could be applied to other state taxes are instead applied against fire insurance premium tax, fire insurance premium tax would be reduced. Reliable estimates of the amount of additional affordable housing act tax credits eligible taxpayers may claim if this bill were to become law are not available at this time. However, as the bill does not create new tax credits, the amount of reduced fire insurance premium tax revenue would be offset by increased collections of other taxes, yielding no net fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____

