PREPARED BY: DATE PREPARED: PHONE: Keisha Patent March 13, 2019 402-471-0059

LB 724

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	19-20	FY 2020-21				
	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 724 amends the Nebraska Advantage Act to require any taxpayer that is a domestic corporation with a board of directors composed of at least one-half female board members.

The requirement applies throughout the entitlement period, and any failure to meet the requirement is treated in the same manner as failing to maintain the required level of employment for purposes of recapture and disallowance of incentives. The bill requires any domestic corporation to include information regarding board members' gender on an application under the act, and if necessary, a timetable showing the year the taxpayer expects to meet the requirements under LB 724. The requirements apply to all applications after the effective date of the bill.

LB 724 requires the Tax Commissioner's annual report to the Legislature to include each applicant taxpayer's percentage of female board members.

The Department of Revenue estimates no impact on General Fund revenue because they assume all qualifying businesses will comply. The Legislative Fiscal Office disagrees with this assumption and estimate. However, it is not possible to determine the fiscal impact of LB 724 because it is not possible to determine the level of compliance of each applicant taxpayer, whether compliance will be maintained by each applicant taxpayer during the entitlement period, or any effect of the additional requirement on the number of future applications.

The Department of Revenue and the Department of Economic Development estimate no cost to implement the bill. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 724	AM:	AGENCY/POLT. SUB: Departr	ment of Revenue		
REVIEWED E	BY: Neil Sullivan	DATE: 3/13/2019	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the Department of Revenue estimate of minimal fiscal impact from LB 724.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 724	AM:	AGENCY/POLT. SUB: Departm	nent of Economic Development		
REVIEWED BY	Y: Neil Sullivan	DATE: 3/13/2019	PHONE: (402) 471-4179		
COMMENTS: Concur with the Department of Economic Development assessment of no fiscal impact from LB 724.					

LB 724 Fiscal Note 2019

State Agency Estimate							
State Agency Name: Department of			Date Due LFA:				
Approved by: Tony Fulton	Date Prepared: Phone: 471-5896						
	FY 2019-2020		FY 2020	<u>-2021</u>	FY 2021-2022		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	Minimal	\$0	Minimal	\$0	Minimal	\$0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	Minimal	\$0	Minimal	\$0	Minimal	\$0	

LB 724 amends the Nebraska Advantage Act to provide that domestic corporations with a board of directors shall not qualify for incentives unless at least one-half of the members of its board of directors are female. Failure to maintain this percentage will cause recapture in the same manner as failure to maintain the required level of employment. This provision applies to applications submitted on or after the effective date of the act.

The Department shall report the percentage of female members on boards of directors of applicant taxpayers as part of the Annual Report.

The Department assumes all qualifying businesses will comply with this bill. Hence, it is estimated that LB 724 will have no impact on General Fund revenues.

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

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
Benefits							
T1							
Capital Outlay							
Capital Improvement	ts						
Total							

FISCAL NOTE

LB⁽¹⁾ 724

State Agency OR I	Political Subdivision Name:	Nebraska Departi	ment of Econom	ic Develop	ment
Prepared by: (3)	Dave Rippe	Date Prepared: (4)	3/7/2019	Phone: (5)	471-3777
	ESTIMATE PRO	VIDED BY STATE AGEN	NCY OR POLITICA	L SUBDIVIS	SION
	<u>EXPENDITUR</u>	FY 2019-20 RES REVENUE	EXPENDIT	<u>FY 202</u> <u>FURES</u>	<u>REVENUE</u>
GENERAL FUN	DS				
CASH FUNDS					
FEDERAL FUN	DS				
OTHER FUNDS	3				
TOTAL FUNDS					
Explanation of Es	timate:				
The act requires t provide a timetabl Additionally, the T such taxpayers in	at least one-half of the b he board of directors to p le for ensuing that fifty pe ax Commissioner must i the program's annual re	ration with a board of direct oard members are female provide information regard ercent of the board is female nclude the percentage of port to the legislature the Department to implem	ing the genders of tale to the Nebraska female members or	the members Department on the boards	of the board and of Revenue.
D 16 '		WN BY MAJOR OBJECT	S OF EXPENDITU	<u>JRE</u>	
Personal Services: POSIT	TION TITLE	NUMBER OF POSITION 19-20 20-21	NS 2019- EXPENDI'	-	2020-21 EXPENDITURES
Renefits			_		
			-		
Capital outlay					
Aid					
Capital improver	ments				
TOTAL					