

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below		See below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB1158 expresses legislative intent to appropriate up to \$400,000 for Aid to Community Colleges for each fiscal year from 2008-09 through 2012-13 from the Nebraska Advantage Fund (up to a total of \$2,000,000 over the five-year period). Related appropriations are to provide funding for the Metropolitan Community College Area for purposes outlined in the bill.

The Nebraska Advantage Fund was created by LB325 which was enacted in 2005. The fund is administered by the Nebraska Department of Revenue. In addition to interest income from invested fund balances, revenue accruing to the fund is derived from incentive application fees assessed to entities seeking to utilize tax incentives under the Nebraska Advantage Act (Sec. 77-5701 to 77-5734). Since its creation, revenue accruing to the Nebraska Advantage Fund has included:

	<u>2005-06</u>	<u>2006-07</u>	Through 1/31/08 <u>2007-08</u>
Incentive application fees	143,000	188,000	77,500
Interest on invested fund balance	<u>1,261</u>	<u>10,212</u>	<u>10,575</u>
Total Nebraska Advantage Fund revenue	144,261	198,212	88,075

Since its creation, no amounts have been expended from the Nebraska Advantage Fund. The balance of the fund as of 1/31/2008 was \$430,548. It would appear that amounts available from the Nebraska Advantage Fund through 2012-13 may be less than the maximum authorized to be appropriated for the purposes of LB1158. Related appropriations from the fund over the 2008-09 through 2012-13 period would, however, be at the discretion of the Legislature.

The Department of Economic Development (DED) has estimated the fiscal impact of LB1158 (see attached) under an assumption that the bill's reference to the Nebraska Advantage Fund is unintended. The DED estimate assumes the fund source for appropriations authorized by LB1158 is intended to be the Job Training Cash Fund which is administered by DED.

If indeed the intended fund source for appropriations authorized by LB1158 is the Job Training Cash Fund and the bill were to be amended accordingly, the analysis above relating to the Nebraska Advantage Fund would be inapplicable to the bill and the following comments would apply.

The Job Training Cash Fund is administered by DED for purposes identified in Sec. 81-1201.21. As of 1/31/2008, the balance of the Job Training Cash Fund was \$20,922,956. This balance could accommodate appropriations authorized under LB1158. However, existing appropriations for DED supported by amounts from the Job Training Cash Fund for 2007-08 and 2008-09 represent a competing commitment for amounts authorized to be appropriated for Aid to Community Colleges by LB1158. Additionally, existing provisions of Sec. 81-1201.21 direct that certain unobligated and unexpended amounts be transferred from the Job Training Cash Fund to the Cash Reserve Fund. These provisions may result in it being unfeasible to appropriate amounts from the Job Training Cash Fund for Aid to Community Colleges for 2009-10 through 2012-13. Amounts authorized to be appropriated for Aid to Community Colleges by LB1158 could be secured by transferring related amounts from the Job Training Cash Fund to another fund from which amounts could then be appropriated for Community College Aid as authorized by the bill.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE	2/06/08	PHONE	471-2526
COMMENTS					
<p>DEPT. OF ECONOMIC DEVELOPMENT – Disagree with agency analysis. As introduced, LB 1158, Section 1(2) states: “It is the intent of the Legislature that up to \$400,000 be appropriated for Aid to Community Colleges each fiscal year from FY 2008-09 through FY 2012-13 from the Nebraska Advantage Fund to provide funding for the Board of Governors of the Metropolitan Community College Area....”</p>					
<p>Technical concerns: Intent to appropriate does not actually appropriate; there is no agency or program designated for the appropriation.</p>					
<p>NE COMMUNITY COLLEGE ASSOCIATION – Technically, LB 1158 does not appropriate funds directly. Section 1(2) states: “It is the intent of the Legislature that up to \$400,000 be appropriated for Aid to Community Colleges each fiscal year from FY 2008-09 through FY 2012-13 from the Nebraska Advantage Fund....” Intent to appropriate does not actually appropriate. Also, the bill does not identify a specific agency and program for the appropriation.</p>					