

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2009-10</b>		<b>FY 2010-11</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$49,332	(\$0)	\$45,030	(\$4,989,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$49,332	(\$0)	\$45,030	(\$4,989,000)

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

LB 566 would amend the Nebraska Advantage Act by adding two new tiers, Tier 7 and Tier 8. The bill would also amend Section 81-1201.21 dealing with the Job Training Cash Fund.

The bill adds Tier 7 and Tier 8 to the Nebraska Advantage Act. Only businesses engaged in the assembly, fabrication, manufacture, or processing of windmills are eligible for these tiers. Tier 7 requires an investment of \$1 million and the hiring of at least 10 new employees; the same requirements as for Tier 1. Tier 8 requires an investment of \$10 million and the hiring of at least 100 new employees; the same requirements as for Tier 4.

Tier 7 and Tier 8 projects, once they have reached the required levels of investment and employment, are entitled to the same refund of sales and use taxes currently specified for Tier 2, Tier 4, Tier 5, and Tier 6 projects. In addition, Tier 7 and Tier 8 qualified projects would also be entitled to a tax credit double those provided to Tier 1, Tier 2, Tier 3, and Tier 4 projects in Section 77-5725(3).

In addition, the investment credit for Tier 7 and Tier 8 projects is doubled but the current subsection of statute specifies three separate investment credit percentages (Tier 1 is 3%, Tier 2 and Tier 4 are 10%, and Tier 6 is 15%) and there is no clear indication which of these investment credit rates is doubled.

Tier 8 projects would be eligible for the same exemption from the tax on personal property as Tier 4 and Tier 6, which includes certain aircraft, computer systems, certain depreciable personal property, and certain business equipment.

The bill also provides that Tier 7 project credits may be carried over for 18 years after the year of application and that Tier 8 project credits may be carried over for 28 years after the year of application.

LB 566 also adds Tier 7 and Tier 8 projects to the recapture provisions found in Section 77-5727 of the Act, although recapture for these tiers is not comparable to the length of the entitlement period.

The bill requires the Department of Economic Development to use at least \$5 million of the Job Training Cash Fund to recruit and retain employees who work for businesses which manufacture or modify equipment which can be used to generate or produce energy from renewable resources.

LB566 Fiscal Note  
Fiscal Analyst Comments  
Continued

The Department of Revenue estimates the fiscal impact to the General Fund as follows:

FY2009-10: (\$0)  
FY2010-11: (\$4,989,000)  
FY2011-12: (\$3,367,000)  
FY2012-13: (\$3,222,000)  
FY2013-14: (\$3,202,000)

The Department of Revenue estimates the cost to implement the bill to be \$49,332 for FY09-10, \$45,030 for FY10-11, and \$46,156 for FY11-12.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
DEPT. OF LABOR – Concur. No fiscal impact.					
ECONOMIC DEVELOPMENT – Concur. No fiscal impact requiring a change in appropriations.					