Jeanne Glenn March 17, 2011 471-0056

**LB 389** 

Revision: 01

# FISCAL NOTE

Revised to include amendments adopted on General File

LEGISLATIVE FISCAL ANALYST ESTIMATE

	ESTIMATE OF FIS	SCAL IMPACT – STA	TE AGENCIES *			
	FY 201	1-12	FY 2012-13			
	EXPENDITURES	EXPENDITURES REVENUE EXPENDITURES				
GENERAL FUNDS	145,500	(2,063,000)	83,500	0		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	145,500	(2,063,000)	83,500	0		

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

LB 389 as amended would establish the Angel Investment Tax Credit Act. The fiscal impact would include:

Department of Economic Development (DED) expenses -- DED would be directed to administer provisions of the act, including certifying eligible businesses and investors, accepting tax credit applications, issuing tax credit certificates and reviewing annual reports filed by businesses and investors participating in the program. DED estimates that the annual cost to carry out the program would total \$83,500 General Funds. One FTE staff position would be added to administer the program.

**Department of Revenue expenses:** The Department of Revenue would incur one-time costs to revise tax forms and to develop a tracking system for the use of tax credits. The agency estimates a one-time cost of \$62,000 General Funds.

Angel Investment tax credits and Nebraska Advantage Rural Development tax credits: The Angel Investment Tax Credit Act would provide income tax credits to eligible investors beginning in the 2011 tax year, and would be capped at \$3,000,000 per year. Credits not allocated during a calendar year could not be carried forward to subsequent years. Investments made in tax year 2011 and 2012 would be eligible for a 40% tax credit; investments made in subsequent years would be eligible for a 35% tax credit.

LB 389 would lower the cap for the Nebraska Advantage Rural Development Act from \$4,000,000 to \$1,000,000 beginning with applications filed in calendar year 2012. The deadline to file tax credits for the 2011 tax year would be July 1, 2011, and tax credits deemed unallocated under the Nebraska Advantage Rural Development Act in calendar year 2011 could be used for the purpose of the Angel Investment Tax Credit Act.

The Department of Revenue estimates a revenue loss of \$2,063,000 in FY11-12, based upon the start of the Angel Investment Tax Credit Act and the July 1, 2011 application deadline for credits the Nebraska Advantage Rural Development Act. Beginning in 2012 and in subsequent years, the Angel Investment tax credits would be offset by the lower cap imposed upon Nebraska Advantage Rural Development tax credits, and there would be no net impact to the General Fund.

### DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE 3/15/11	PHONE 471-2526
COMMENTS			
DEPARTMENT OF ECONOMIC DEVE	LOPMENT: Concur.		

Date: 3/15/2011

# FISCAL NOTE MAR 15 2019

LB389

## Department of Economic Development

Prepared By	Young, Joseph
Date Prepared	3/11/2011
Prepared Phone	402-471-3783

### Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012			FY 2012-2013		
	Expenditures	Revenue		Expenditures	Revenue	
General Funds		<del>=</del>		-		
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	0		0	0	0	

#### **Explanation of Estimate:**

AM 614 to LB 389 has NO FISCAL IMPACT beyond the original LB 389.

#### **Major Objects of Expenditure**

	Number	of Positions	FY 2011-2012	FY 2012-2013	
Position Title	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures	
		Benefits			
		Operating			
		Travel			
		Capital outlay			
		Aid			
		Capital improvements			
		Total	0		

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LB 389 AM 614

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		State Agency	Estimate	IVE FISCAL		
State Agency Name: Department	of Revenue				Date Due LFA:	3/15/2011
Approved by: Douglas Ewald		Date Prepared:	3/14/2011		Phone: 471-5700	
	FY 2011	-2012	FY 2012	2-2013	FY 20	13-2014
	<u>Expenditures</u>	Revenue	<b>Expenditures</b>	Revenue	<u>Expenditures</u>	Revenue
General Funds	\$62,000	(\$2,063,000)	1	\$0		\$0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$62,000	(\$2,063,000)		\$0		\$0

LB 389 (Angel Investment Tax Credit Act), as amended by AM 614, provides a refundable income tax credit to qualified investors in a qualified business. An estate, trust, or resident individual may qualify as a qualified investor.

AM 614 changes the application deadline for the Nebraska Advantage Rural Development Act to July 1 for 2011. The amendment also changes the date in which an individual, trust or pass-through entity may begin applying to the Department of Economic Development for certification as a qualified investor, fund or business to Sept. 1, 2011.

The net General Fund impact of LB 389 as amended, after accounting for the reduced credit amounts for Rural Development and the July 1, 2011 application date, is expected to be (\$2.063) million in FY2011-12, and then \$0 per fiscal year thereafter.

	Maj	or Objects of E	Expendit	ure			
Class Code	Classification Title	11-12 <u>FTE</u>	12-13 FTE	13-14 FTE	11-12 <u>Expenditures</u>	12-13 Expenditures	13-14 Expenditures
Benefits					<u> </u>		
					\$62,000		
Capital Outlay							
Capital Improvements							
					\$62,000		