Doug Gibbs March 25, 2014 402-471-0051

## LB 1067

## Revision: 01 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised due to adoption of amendments on General File.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2014-15		FY 2015-16			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		See Below		See Below		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		See Below		See Below		

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1067 amends Nebraska Revised Statutes to extend sunset dates for the Nebraska Advantage Act, the Nebraska Advantage Research and Development Act, and the Nebraska Advantage Microenterprise Tax Credit Act.

Section 77-5725 is amended to extend the application deadline for Tier 1, and Tier 3 projects under the Nebraska Advantage Act from December 31, 2015 to December 31, 2017. The deadline for Tier 6 projects is extended from January 1, 2016 to January 1, 2018.

Section 77-5806 is amended to change the year in which a business may first claim the tax credit offered under the Nebraska Advantage Research and Development Act from tax years beginning after December 31, 2015 to tax years beginning after December 31, 2017.

Section 77-5905 is amended to extend the deadline for the Department of Revenue's approval of applications under the Nebraska Advantage Microenterprise Tax Credit Act from December 31, 2015 to December 31, 2017.

There is no fiscal impact to the General Fund as a result of LB 1067 for the next two fiscal years. However, extending the various sunset dates of these acts will have a negative impact to General Fund revenue beginning with FY2016-17.

LB 1067, as amended by AM2456 and AM2457, amends Section 77-27,144. This section provides for a delay of deductions of credit refunds from a municipality's local sales and use tax receipts made pursuant to the Employment and Investment Growth Act (LB 775) or Nebraska Advantage Act (LB 312). The delay is for one year after the refund is made to the taxpayer. Currently, this delay only applies to direct refunds made from a city's or village's local sales and use tax receipts for one year after the refund is made to the taxpayer.

As amended, the Department of Revenue will be required to provide a city or village notice of pending (direct and credit) refunds exceeding \$1,500, the amount of the refund, and the month the deduction will be made from a city's or village's local sales and use tax receipts, and will apply to all credit refunds issued after January 1, 2014.

LB 1067, as amended, contains the emergency clause.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 1067 as amended:

FY2013-14:	(\$ 643,000)
FY2014-15:	(\$ 1,040,000)
FY2015-16:	(\$ 118,000)
FY2016-17:	(\$ 126,000)

**NOTE:** The above estimate of fiscal impact includes a loss of revenue for the current fiscal year (FY2013-14) because the bill as amended applies to refunds beginning January 1, 2014.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact.

## LB 1067 AM2457

	State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFA:									
Approved by: Kim Conroy		D	ate Prepared:	Phone: 471-5896					
FY 2013-2014		FY 2014-2015		FY 2015-2016		FY 2016-2017			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$0	(\$643,000)	\$0	(\$1,040,000)	\$0	(\$118,000)	\$0	(\$126,000)	
Cash Funds									
Federal Funds									
Other Funds									
Total Funds	\$0	(\$643,000)	\$0	(\$1,040,000)	\$0	(\$118,000)	\$0	(\$126,000)	

AM 2457 to LB 1067 delays deductions of credit refunds made pursuant to Employment and Investment Growth Act (LB 775) or Nebraska Advantage Act (LB 312) from a city's or village's local sales and use tax receipts for one year after the refund is made to the taxpayer. The delay only applies to cities of the first or second class and villages.

Currently, the delay only applies to direct refunds made pursuant to LB 775 or LB 312 from a city's or village's local sales and use tax receipts for one year after the refund is made to the taxpayer.

AM 2457 requires the Department of Revenue to provide a city or village notice of pending (direct and credit) refunds exceeding \$1,500, the amount of the refund, and the month the deduction will be made from a city or village's local sales and use tax receipts.

AM 2457 applies to all credit refunds issued after January 1, 2014.

The estimated reduction to General Fund revenues would be as follows:

FY 2013-14	\$ 643,000
FY 2014-15	\$ 1,040,000
FY 2015-16	\$ 118,000
FY 2016-17	\$ 126,000

AM 2457 is estimated to have minimal costs for the Department to implement this bill.

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	14-15 <u>FTE</u>	15-16 <u>FTE</u>	16-17 <u>FTE</u>	14-15 <u>Expenditures</u>	15-16 <u>Expenditures</u>	16-17 <u>Expenditures</u>	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
Aid								
Capital Improvements								
Total								