

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$55,468	(\$294,000)	\$48,024	(\$294,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$55,468	(\$294,000)	\$48,024	(\$294,000)

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

LB 606 creates the Nebraska Technology Entrepreneur Act.

The bill would create a sales and use tax refund for depreciable business equipment for a qualified small business.

A qualified small business is defined as any business whose primary business activity is one of the following:

- a) Innovation in using proprietary technology to add value to a product, process or service in a qualified high-technology field; or
- b) Researching, developing, or producing a proprietary product, process, or service in a qualified high-technology field.

Qualified high-technology field includes: aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biosolutions, medical device products, pharmaceuticals, diagnostics, biological science, chemistry, veterinary science, and other similar fields.

Businesses specifically excluded from the benefits of the Act include: political consulting, leisure, hospitality services, or professional services provided by attorneys, accountants, physicians, or health-care consultants.

The Act is to be administered by the Department of Revenue and in order to receive the refund, a small business has to file business plan with the Department that demonstrates financial need, an application, and an application fee of \$100.

The tax refund is limited to \$5,000 per small business in a fiscal year with a total fiscal year cap for all businesses of \$300,000.

The bill has an operative date of October 1, 2013.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 606:

Fiscal Year:	Sales & Use Tax Refunds:	Application Fee Receipts:	Total:
2013-14:	(\$ 300,000)	\$ 6,000	(\$ 294,000)
2014-15:	(\$ 300,000)	\$ 6,000	(\$ 294,000)
2015-16:	(\$ 300,000)	\$ 6,000	(\$ 294,000)
2016-17:	(\$ 300,000)	\$ 6,000	(\$ 294,000)

The Department estimates they will need 1.0 FTE to process and approve applications and sales tax refund claims. This would include PSL of \$35,314 for FY2013-14 and \$36,108 for FY2014-15.

We agree with the Department of Revenue's estimate of fiscal impact and cost.

State Agency Estimate

State Agency Name: Department of Revenue		Date Prepared: 03/01/2013		Date Due LFA: 03/05/2013		
Approved by: Douglas Ewald				Phone: 471-5896		
	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$55,468	(\$294,000)	\$48,024	(\$294,000)	\$48,024	(\$294,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$55,468	(\$294,000)	\$48,024	(\$294,000)	\$48,024	(\$294,000)

LB 606 (Nebraska Technology Entrepreneur Act) authorizes an annual refund of sales and use tax to qualified small businesses for purchases of depreciable business equipment under the Internal Revenue Code. A refund may not exceed \$5,000 per fiscal year per qualified business. The total amount of refunds for all qualifying businesses may not exceed \$300,000 per fiscal year.

The refund may only be granted to qualified small businesses that have demonstrated a financial need. A qualified business may demonstrate need by filing a business plan with the Department or Revenue, along with an application and \$100 application fee. The application must include information including all persons with an ownership interest or an option to acquire an ownership interest in the applicant business and all financial assistance received by or available to the applicant business.

A qualified business includes businesses primarily engaged in innovative use of proprietary technology or, research, development, or production of qualified propriety technology in a qualified high technology field.

It is estimated that the bill would have the following General Fund impact:

Fiscal Year	Sales and Use Tax Refunds	Application Fee Receipts	General Fund Impact
2013-14	(\$300,000)	\$6,000	(\$294,000)
2014-15	(\$300,000)	\$6,000	(\$294,000)
2015-16	(\$300,000)	\$6,000	(\$294,000)
2016-17	(\$300,000)	\$6,000	(\$294,000)

The Department will require an FTE to process and approve applications and sales tax refund claims.

The bill would become operative on October 1, 2013.

Major Objects of Expenditure

Class Code	Classification Title	13-14	14-15	15-16	13-14	14-15	15-16
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A21211	Fiscal Compliance Analyst	1.0	1.0	1.0	\$35,314	\$36,108	\$36,108
Benefits.....					\$11,654	\$11,916	\$11,916
Operating Costs.....							
Travel.....							
Capital Outlay.....					\$8,500		
Aid.....							
Capital Improvements.....							
Total.....					\$55,468	\$48,024	\$48,024