

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$101,389	See Below	\$0	See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$101,389	See Below	\$0	See Below

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

LB 1023 amends a number of sections of statute dealing with tax incentive programs to change the sunset dates.

Section 13-204 is amended to provide that no new applications for certification for tax credits under the Community Development Assistance Act will be filed after December 31, 2018.

Section 77-1116 is amended to provide that no new applications under the New Markets Job Growth Investment Act will be filed after December 31, 2018.

Section 77-27,187.02 is amended to provide that no new applications will be filed under the Nebraska Rural Advantage Development Act after December 31, 2018.

Section 77-2912 is amended to provide that no new applications will be filed after December 31, 2018 for the Nebraska Job Creation and Mainstreet Revitalization Act.

Section 77-5208 is amended to provide that no new applications will be filed after December 31, 2018 under the Beginning Farmer Tax Credit Act.

Section 77-5725 amends the Nebraska Advantage Act to provide that no new applications for benefits under Tier 1, Tier 2, Tier 3, Tier 4, Tier 5, or Tier 6 will be filed after December 31, 2018.

Section 77-5806 regarding the Nebraska Advantage Research and Development Act is amended to provide that no business firm shall be allowed to first claim the credit for any tax year beginning or deemed to begin after December 31, 2018.

Section 77-5905 regarding the Nebraska Advantage Microenterprise Tax Credit Act is amended to provide that the Department of Revenue may only approve applications up through December 31, 2018.

Section 77-6306 amends the Angel Investment Tax Credit Act to provide that no tax credits shall be allocated for calendar years after 2018.

The Department of Revenue indicates that the accelerated sunset date for the Nebraska Advantage Act would not result in any fewer applications; rather, they expect an influx in applications prior to the new sunset date with attainment being obtained later.

The Department indicates that LB 1023 will require a one-time programming charge of \$101,389 paid to the Office of the CIO to remove credit lines from the Form 1040N, NebFile, Form 1120N, and Form 1041N.

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

The Department of Revenue estimates the following increases to General Fund and Cash Fund revenues from the accelerated sunset dates as follows:

	FY2018-19:	FY2019-20:	FY2020-21:	FY2021-22:
Nebraska Job Creation and Mainstreet Revitalization Act:	\$ 0	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Angel Investment Tax Credit:	\$ 0	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Nebraska Advantage Rural Development Act:	\$ 0	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
New Markets Job Growth Investment Act:	\$ 0	\$ 0	\$ 2,300,000	\$ 2,300,000
Community Development Act:	\$ 117,000	\$ 233,000	\$ 233,000	\$ 233,000
Beginning Farmer Tax Credit Act:	\$ 0	\$ 1,120,000	\$ 1,220,000	\$ 1,330,000
Nebraska Advantage Microenterprise Tax Credit Act:	\$ 0	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Nebraska Advantage Research and Development Act:	\$ 0	\$ 103,000	\$ 324,000	\$ 785,000
Nebraska Advantage Act:	\$ 0	\$ 0	\$ 0	\$ 0
Premium and Retaliatory Tax Suspense Fund:	\$ 0	\$ 0	\$ 575,000	\$ 675,000
General Fund:	\$ 117,000	\$ 19,456,000	\$ 21,502,000	\$ 23,373,000
Total Funds:	\$ 117,000	\$ 19,456,000	\$ 22,077,000	\$ 23,048,000

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1023	AM:	AGENCY/POLT. SUB: Revenue	
REVIEWED BY: Lyn Heaton	DATE: 2/20/2018	PHONE: 402-471-4181	
COMMENTS: No basis upon which to disagree with the Department of Economic Development's analysis.			

The Department estimates the increases to General Fund and Cash Fund revenues from the accelerated sunset dates as follows:

	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022
Nebraska Job Creation and Mainstreet Revitalization Act	\$ -	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Angel Investment Tax Credit	\$ -	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Nebraska Advantage Rural Development Act	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
New Markets Job Growth Investment Act	\$ -	\$ -	\$ 2,300,000	\$ 2,700,000
Community Development Assistance Act	\$ 117,000	\$ 233,000	\$ 233,000	\$ 233,000
Beginning Farmer Tax Credit Act	\$ -	\$ 1,120,000	\$ 1,220,000	\$ 1,330,000
Nebraska Advantage Microenterprise Tax Credit Act	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Nebraska Advantage Research and Development Act	\$ -	\$ 103,000	\$ 324,000	\$ 785,000
Nebraska Advantage Act	\$ -	\$ -	\$ -	\$ -
Premium and Retaliatory Tax Suspense Fund	\$ -	\$ -	\$ 575,000	\$ 675,000
General Fund	\$ 117,000	\$ 19,456,000	\$ 21,502,000	\$ 22,373,000
Total Fund	\$ 117,000	\$ 19,456,000	\$ 22,077,000	\$ 23,048,000

LB 1023 will require a one-time programming charge of \$101,389 paid to the OCIO to remove credit lines from the 1040N, NebFile, 1120N, and 1041N.

Please complete ALL (5) blanks in the first three lines.

2018

LB⁽¹⁾ 1023

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Economic Development

Prepared by: ⁽³⁾ Dave Rippe Date Prepared: ⁽⁴⁾ 1/18/2018 Phone: ⁽⁵⁾ 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB1023 ends applications to the Community Development Assistance Act (CDA) on December 31, 2018.

The bill also changes the sunset dates to December 31, 2018 for the New Markets Job Growth Investment Act, the Nebraska Advantage Rural Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the Beginning Farmer Tax Credit Act, the Nebraska Advantage Act, the Nebraska Advantage Research and Development Act, the Nebraska Advantage Microenterprise Tax Credit Act, and the Angel Investment Tax Credit Act. All of the sunset dates are currently December 31, 2022, except for the six tiers of the Nebraska Advantage Act, which currently sunset on December 31, 2020.

DED estimates that 1/2 of the \$350,000 in tax credits allocated annually to the CDA program will be awarded in FY2018-19, and that \$100,000 of these credits will be taken in FY2019-20.

\$4 million in refundable Angel Investment tax credit will be allocated by DED for 2018 and \$0 for 2019. This implies a General Fund revenue increase of \$0 in FY2018-19, and \$4 million in FY2019-20.

It is estimated that there will be minimal costs to the Department to implement LB 1023 as drafted.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____