

PREPARED BY: Clinton Verner
 DATE PREPARED: February 1, 2021
 PHONE: 402-401-0056

LB 74

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$100,000	\$100,000	\$2,000,000	\$650,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$100,000	\$100,000	\$2,000,000	\$650,000

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

LB 879 amends the Nebraska Microenterprise Advantage Act. The bill:

- Changes the sunset date from December 31, 2022, to December 31, 2021;
- Reduces the adjusted limit for the program for calendar year 2022 to \$1.9 million plus the tentative tax credits not granted by the end of the preceding year;
- States intent to appropriate \$100,000 to the Department of Revenue in FY 21-22 to offset costs; and
- States intent to appropriate the \$2 million saved in FY 22-23 and each year thereafter to the Department of Economic Development for the Business Innovation Act.

The Nebraska Microenterprise Advantage Act is undersubscribed and approximately \$650,000 in tax credits were used in 2019. The \$650,000 revenue loss is the current estimate in the General Fund revenue forecast of the Nebraska Economic Forecast Advisory Board. Elimination of the tax credit results in an \$650,000 increase in General Fund revenue, which represents the savings from the program. The bill also states intent to appropriate \$100,000 to the Department of Revenue to offset its costs to administer the bill. However, the department estimates its costs to be minimal. As a result, we assume the \$100,000 will remain unused and lapse to the General Fund. The Department of Economic Development estimates \$100,000 in operating costs, as authorized by the bill, beginning in FY22-23, and the remaining \$1.9 million to be spent for aid as authorized under the Business Innovation Act.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 74	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 1/28/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 74 appears reasonable.			

CONTINUED

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 74 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Neil Sullivan DATE: 2/1/2021 PHONE: (402) 471-4179

COMMENTS: The Department of Revenue assessment of fiscal impact from LB 74 appears reasonable.

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

2021

LB⁽¹⁾ 74

FISCAL NOTE

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

Prepared by: ⁽³⁾ Anthony Goins Date Prepared: ⁽⁴⁾ 1/13/2021 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$2,000,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$2,000,000	=====

Explanation of Estimate:

LB74 eliminates the Nebraska Advantage Microenterprise Tax Credit Act on December 31, 2021, and reduces the total amount of these tax credits available for distribution by the Department of Revenue for 2021 by \$100,000, from \$2,000,000 to \$1,900,000. The bill also contains intent language to increase the General Fund appropriation to the Department of Economic Development by \$2 million for the Business Innovation Act, beginning in FY2022-23.

Section 81-12,163 allows the Department of Economic Development up to use up to 5% of the funds appropriated for administrative expenses. It is estimated that the additional funds will result in increased operating expenses of \$80,000 and travel to visit and consult with grant applicants of \$20,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	\$80,000
Travel.....	_____	_____	_____	20,000
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	1,900,000
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	\$2,000,000

