

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2023-24</b>		<b>FY 2024-25</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$24,624	(\$1,652,000)		(\$3,007,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$24,624</b>	<b>(\$1,652,000)</b>		<b>(\$3,007,000)</b>

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

LB 697 seeks to amend provisions of the Nebraska Job Creation and Mainstreet Revitalization Act (Act). The bill redefines historically significant real property to include at-grade or above ground structures. The bill redefines improvement to include projects with a total cost which equal or exceed \$5,000.

LB 697 also seeks to change the amount of nonrefundable credits being equal to 20% of eligible expenditures up to a maximum credit of \$1 million to the following:

- For historically significant real property located in a county that includes a city of the metropolitan class or a city of the primary class, the credit would be equal to 25% of eligible expenditures.
- For historically significant real property located in any other county, the credit would be equal to 30% of eligible expenditures.
- In all cases, the maximum credit allocated to any one project would be \$2 million.

LB 697 changes the total amount of credits that can be allocated per calendar year, starting January 1, 2024, to \$12 million, from the current \$15 million, while maintaining that \$4 million dollars would need to be reserved for applications seeking an allocation of credits of less than \$100,000.

LB 697 adds engineering fees and any costs generally related to the protection of the historically significant real property from deterioration to eligible expenditures that could be incurred up to 6 months prior to the submission of the application for credits.

LB 697 adds that the report regarding the Act by the Nebraska State Historical Society and the Department of Revenue (DOR) would need to be issued to the Revenue Committee of the Legislature no later than December 31 of each year.

LB 697 extends the deadline for new applications under the Act from December 31, 2022, to December 31, 2030. All applications and all credits pending or approved before such date would continue in full force and effect, except that no credits would be allocated under section 77-2905, issued under section 77-2906, or used on any tax return or similar filing after December 31, 2035. This extends the deadline to claim credits from December 31, 2027.

The DOR estimates the following impact to General Fund revenues from this bill:

- FY23-24: (\$1,652,000)
- FY24-25: (\$3,007,000)
- FY25-26: (\$4,364,000)
- FY26-27: (\$5,723,000)

Additionally, the DOR estimates the need for a one-time programming charge of \$24,624 to be paid to the Office of the Chief Information Officer (OCIO) to make changes to the Historical Tax Credit application program.

There is no basis to disagree with these estimates by the DOR.

The Nebraska State Historical Society estimates no fiscal impact to it as a result of the bill. There is no basis to disagree with this estimate.

<a href="#">ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</a>		
LB: 756	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 756.		

<a href="#">ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</a>		
LB: 756	AM:	AGENCY/POLT. SUB: State Historical Society
REVIEWED BY: Neil Sullivan	DATE: 3/15/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the State Historical Society assessment of no fiscal impact from LB 756.		

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFO:

Approved by: Glen White

Date Prepared: 03/20/2023

Phone: 471-5896

	<b>FY 2023-2024</b>		<b>FY 2024-2025</b>		<b>FY 2025-2026</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$24,624	(\$1,652,000)		(\$3,007,000)		(\$4,364,000)
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$24,624</b>	<b>(\$1,652,000)</b>		<b>(\$3,007,000)</b>		<b>(\$4,364,000)</b>

LB 756 makes the following changes to the Nebraska Job Creation and Mainstreet Revitalization Act.

LB 756 redefines historically significant real property to include at-grade or above ground structures used for any purpose. Improvement is redefined to include a project with a total cost of more than \$5,000 regardless of location. Currently, the improvement must cost at least \$25,000 or 25% of the value of the building, depending on location. The definition of eligible expenses is amended to include engineering fees and any costs "generally related to the protection of the historically significant real property from deterioration."

LB 756 also amends the amount of credits available to persons incurring eligible expenses to 25% for properties located in a county that includes a city of the metropolitan class or a city of the primary class. The credit will be equal 30% for a property located in any other county. The maximum credit allowed for any single project is increased to \$2 million. LB 756 also repeals the sunset on the Act. Section 77-2905 adds the provision that total credits under the program to be \$12 million for all calendar years after 2024, of which \$4 million is reserved for applications under \$100,000.

LB 756 extends the application deadline to on or before December 31, 2031. LB 756 also extends the final date to allocate, issue, or use credits to December 31, 2036.

The Department of Revenue (DOR) estimates the following fiscal impact to the General Fund revenues:

FY 2023-24	\$(1,652,000)
FY 2024-25	\$(3,007,000)
FY 2025-26	\$(4,364,000)
FY 2026-27	\$(5,723,000)

LB 756 would require a one-time programming charge of \$24,624 paid to the OCIO to make changes to the Historical Tax Credit application program.

LB 756 becomes operative three months after adjournment.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>FTE</u>			<u>Expenditures</u>		
		<u>23-24</u>	<u>24-25</u>	<u>25-26</u>	<u>23-24</u>	<u>24-25</u>	<u>25-26</u>
	Benefits.....						
	Operating Costs.....				\$24,624		
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	<b>Total.....</b>				<b>\$24,624</b>		

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

**2023**

**LB<sup>(1)</sup> 756**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> History Nebraska (Nebraska State Historical Society)  
402444

Prepared by: <sup>(3)</sup> Michelle Furby Date Prepared: <sup>(4)</sup> January 31, 2023 Phone: <sup>(5)</sup> 402-471-3171

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

“No Fiscal Impact”

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____