

PREPARED BY:
DATE PREPARED:
PHONE:

Jeanne Glenn
February 23, 2011
471-0056

LB 608

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	83,500		83,500	
CASH FUNDS		See below		See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	83,500	See below	83,500	See below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 608 would establish the Local Innovation Economic Development Act. The annual transfer authorized under 13-2610 to the Local Civic, Cultural and Convention Center Financing Fund would be revised. Current law provides that the Local Civic, Cultural and Convention Center Financing Fund receives the remaining 30% of state sales tax revenue collected by retailers and operators doing business at facilities approved under the Convention Center Facility Financing Act. LB 608 would revise the distribution in the following manner: 18% to the Local Civic, Cultural and Convention Center Financing Fund and 12% to the Local Innovation Economic Development Fund.

The Local Innovation Economic Development Fund would be used by the Department of Economic Development (DED) to provide loans to municipalities if refund claims on local option sales tax pursuant to the Employment and Investment Growth Act and the Nebraska Advantage Act exceeded 5% of the sales and use tax revenue collected in the prior year. Based upon the above distribution formula, it is possible that \$450,000 to \$500,000 in revenue would be deposited in the fund and be available for loans to communities. LB 608 provides that loans would be repaid within five years.

The use of Local Civic, Cultural and Convention Center Financing Fund would be revised to include the following grant categories: affordable housing, community development, business development and entrepreneurship programs, including tourism programs, community leadership programs, job training programs, community endowments to support municipal activities, goal development to attract new residents, and marketing assistance. Grants could also be made from the fund if the total amount of refund claims of local option sales tax pursuant to the Employment and Investment Growth Act and the Nebraska Advantage Act exceeded 12% of the sales and use taxes revenue in the previous calendar year. Based upon the above distribution formula, it is possible that \$680,000 to \$700,000 in revenue would be deposited in the fund and available as grants to communities.

Under LB 608, the revised distribution of the proceeds transferred under 13-2610 would have no net cash fund revenue or expenditure impact upon DED, as the same amount of funding would be divided between two funds, rather than being deposited into one fund.

DED notes that the creation of the loan program and the expanded grant categories would increase the administrative workload of the agency. The agency estimates that 1 FTE Economic Development Consultant and related operating costs would total \$83,500 annually. Because the Local Civic, Cultural and Convention Center Financing Fund and the Local Innovation Economic Development fund could not be used for administrative expenses, costs would come from the General Fund.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	2/7/11	PHONE 471-2526
COMMENTS	DEPT. OF ECONOMIC DEVELOPMENT – Agency's estimate appears to be reasonable.		

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FISCAL NOTE
Department of Economic Development

LB608

Prepared By	Young, Joseph
Date Prepared	2/7/2011
Prepared Phone	402-471-3783

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	83,500		83,500	
Cash Funds				
Federal Funds				
Other Funds				
Total Funds	83,500		83,500	

Explanation of Estimate:

LB 608 directs the Department of Economic Development to create two new programs. The new programs would create a significant amount of new criteria and everything that accompanies such programming, such as auditing and compliance work. The Department will likely have to add one new FTE.

Major Objects of Expenditure

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
Economic Development Manager	1	1	54,275	54,275
			29,225	29,225
			83,500	83,500