

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	25,000	(1,500,000)	25,000	(1,500,000)
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

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

LB 550 would establish the Livestock Growth Act and amend sections of law governing the Nebraska Advantage Rural Development Growth Act. The fiscal impact of LB 550 would include:

**Infrastructure loan program** – LB 550 directs the Department of Agriculture and the Department of Economic Development to establish a loan program for county infrastructure development to facilitate the growth of livestock production. It is estimated that the existing staff of the Department of Agriculture could assist the Department of Economic Development. The Department of Economic Development would administer the loan program. The Livestock Growth Act Revolving Loan Fund would be established to act as a source of funding for the loans and could be used for administrative costs. Because LB 550 does not establish a dollar amount or source of funding for the loan fund, the fiscal impact cannot be determined at this time. Additionally, costs to the Department of Economic Development would depend upon the amount of funding available to give as loans, and the amount of staff time that would be required. It is estimated that some additional staffing may be required to administer the program and could be paid from the loan fund. Technical note: LB 550 does not directly authorize the department to deposit repayments in the revolving loan fund.

**Department of Environmental Quality evaluations** – LB 550 provides that the Department of Environmental Quality shall provide criteria and onsite evaluation of locations identified by counties as potential locations for livestock production operations. It is estimated that the department could carry out this function using existing staff.

**Nebraska Advantage Rural Development Growth Act revisions** – Current law provides for applications filed in calendar year 2012 and each year thereafter, applications are not accepted after expected credits reach \$1,000,000. LB 550 would establish that for applications filed in calendar year 2014 and each year thereafter, the following limits would apply: (1) Applications for projects described in Section 77-27,188, subsection (1) would be capped at \$1,000,000 per year, and (2) Applications for projects described in Section 77-27,188, subsection (2) would be capped at \$1,500,000. The provisions of LB 550 would result in the potential for an additional \$1,500,000 revenue loss as a result of the additional tax credits authorized under the act.

Additionally, current law limits applications made under 77-27,188 (2) to be capped at 10% of the investment, not to exceed \$30,000. LB 550 would amend this limit, and provide that for applications made after January 1, 2014, the amount of the credit be limited to 10% of the investment, not to exceed \$150,000 per application. This provision would have no direct fiscal impact except to allow for larger credits to be approved within the limits of the program.

The Department of Revenue may have increased administrative costs as a result of the revised structure of the tax credit program. It is estimated that costs would not exceed \$25,000 General Funds. Assuming that there may be increased applications to the program, revenue from the \$500 application fees may also increase. Application fees are deposited in the Nebraska Incentives Fund. The amount of increased cash fund revenue could vary based upon the number of projects approved, but is estimated to range between \$5,000 and \$10,000.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 550	AM:	AGENCY/POLT. SUB: Dept. of Agriculture
REVIEWED BY: Gary Bush	DATE: February 4, 2013	PHONE: 471-4161
COMMENTS: Concur with estimate of impact to the agency. LB550 provides no funding to the Livestock Growth Act Revolving Loan Fund.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 550	AM:	AGENCY/POLT. SUB: Dept. of Environmental Quality
REVIEWED BY: Gary Bush	DATE: January 30, 2013	PHONE: 471-4161
COMMENTS: Concur.		

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA: 1/31/13				
Approved by: Douglas Ewald		Date Prepared: 2/5/13				
		Phone: 471-5896				
	<b>FY 2013-2014</b>		<b>FY 2014-2015</b>		<b>FY 2015-2016</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$23,483	(\$1,500,000)	\$24,012	(\$1,500,000)	\$24,552	(\$1,500,000)
Cash Funds		\$10,000		\$10,000		\$10,000
Federal Funds						
Other Funds						
Total Funds	\$23,483	(\$1,490,000)	\$24,012	(\$1,490,000)	\$24,552	(\$1,490,000)

LB 550 creates the Livestock Growth Act, the Livestock Growth Act Revolving Loan Fund, and amends the Nebraska Advantage Rural Development Act.

LB 550 amends the credits available under the Nebraska Advantage Rural Development Act. No change would occur for applications filed in calendar years 2012 and 2013. For applications filed in calendar year 2014 and each year thereafter, the Tax Commissioner would not approve further applications, for taxpayers who meet employment and investment thresholds in counties of specified populations, once the expected credits from these approved projects totals \$1 million. Taxpayers who are engaged in livestock production, and who invest at least \$50,000 for livestock modernization or expansion, are not subject to the \$1 million limit, instead the Tax Commissioner would not approve further applications for these taxpayers once the expected credits from these approved projects totals \$1.5 million. Taxpayers who meet the livestock modernization requirements do not compete against taxpayers who are subject to employment and investment thresholds for the same credits, rather there are two separate pools.

For applications filed before January 1, 2014, the credit for taxpayers who are engaged in livestock production and who invest at least \$50,000 for livestock modernization or expansion is 10% of the investment, not to exceed a credit of \$30,000. For applications filed on or after January 1, 2014, the credit for taxpayers who are engaged in livestock production and who invest at least \$50,000 for livestock modernization or expansion is 10% of the investment, not to exceed a credit of \$150,000.

LB 550 is expected to have the following fiscal impact:

Fiscal Year	General Fund	Nebraska Incentives Fund
FY 2013-14	(\$1,500,000)	\$10,000
FY 2014-15	(\$1,500,000)	\$10,000
FY 2015-16	(\$1,500,000)	\$10,000
FY 2016-17	(\$1,500,000)	\$10,000

It is estimated that Departmental cost to implement the bill includes a part-time Fiscal Compliance Analyst.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>13-14 FTE</u>	<u>14-15 FTE</u>	<u>15-16 FTE</u>	<u>13-14 Expenditures</u>	<u>14-15 Expenditures</u>	<u>15-16 Expenditures</u>
A21211	Fiscal Compliance Analyst	0.5	0.5	0.5	\$17,657	\$18,054	\$18,460
Benefits.....					\$5,827	\$5,958	\$6,092
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Aid.....							
Capital Improvements.....							
<b>Total.....</b>					\$23,483	\$24,012	\$24,552

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

**2013**

**LB<sup>(1)</sup> 550 FISCAL NOTE**

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

Prepared by: (3) Robert Storant Date Prepared: (4) 1/30/13 Phone: (5) 402-471-6821

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

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 550 will adopt the Livestock Growth Act. The Department of Agriculture and the Department of Economic Development shall establish a loan program to provide loans to counties for infrastructure development to facilitate the growth of livestock production. The program shall be administered by the Department of Economic Development.

The departments of Environmental Quality, Economic Development, and Agriculture may adopt rules and regulations to carry out the Act. While there will be an impact to the workload of the department staff to assist in program development, the existing staff will assume these additional responsibilities and therefore there is no fiscal impact.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

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**2013**

**LB<sup>(1)</sup> 550 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Environmental Quality

Prepared by: <sup>(3)</sup> Thomas Lamberson Date Prepared: <sup>(4)</sup> January 28, 2013 Phone: <sup>(5)</sup> (402) 471-4235

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

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The department does not anticipate the need for additional resources to implement LB 550

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____