Tom Bergquist February 03, 2016 471-0062

## LB 1022

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
		FY 201	6-17	FY 2017-18				
	-	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUN	IDS	0	0	0	0			
CASH FUN	IDS							
FEDERAL FUN	IDS							
OTHER FUN	IDS							
TOTAL FUN	IDS	0	0	0	0			

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

LB1022 makes several changes to the Legislative Performance Audit Act including authorizing direct access to all agency databases containing relevant program information or data. None of these changes should result in additional costs.

The bill also extends the time for submittal of new applications for a variety of tax incentive programs by one year. Programs with the time extended from December 31, 2019 to December 31, 2020 include New Markets Job Growth Investment Act, Nebraska Advantage Rural Development Act. Nebraska Job Creation and Mainstreet Revitalization Act, Beginning Farmer Tax Credit Act, Nebraska Advantage Research and Development Act, Nebraska Advantage Microenterprise Tax Credit Act, and Angel Investment Tax Credit Act. A one year extension from December 31, 2017 to December 31, 2018 applies to the Nebraska Advantage Act.

These extension would allow for additional projects to be eligible for tax credits with a subsequent revenue loss in future years but the number of applications and amount of credits is unknown.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 1022 AM: AGENCY/POLT. SUB: Auditor of Public Accounts						
REVIEWED BY: L	yn Heaton		DATE: 2/1/2016 PHONE: 471-4181			
COMMENTS: Concur. No fiscal impact on the Auditor of Public Accounts' office.						

## LB 1022

## Fiscal Note 2016

State Agency Estimate								
State Agency Name: Department of RevenueDate Due LFA:2/3/2016								
Approved by: Tony Fulton		Date Prepared:	2/1/2016		Phone: 471-5896			
	FY 2016-	2017	FY 2017-	FY 2017-2018 FY 2018-2019				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$27,025	\$0	\$27,673	\$0	\$28,338	\$0		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$27,025	\$0	\$27,673	\$0	\$28,338	\$0		

LB 1022 would amend two sections dealing with the Office of the Legislative Auditor (Neb. Rev. Stat. §§ 50-1212 & 50-1213) and two sections dealing with the protection of confidential taxpayer information (§§ 77-2711 & 77-27,119) to increase the power of the Legislative Auditor to review taxpayer information. The bill would also amend several sections in various incentive acts to extend the sunset dates for incentive programs.

The proposed changes would authorize the Office of the Legislative Auditor (Office) to assure that legislation consistent with its recommendations is introduced and to allow the Revenue Committee to issue recommendations about sunset dates. These changes would also specifically authorize the Office to have direct access to all data provided.

The proposed changes also would strike the requirement in § 77-27,119(10)(a) that audits performed be performed on statistically random tax returns and information. That requirement would still exist for the State Auditor, but would be removed with respect to the Office.

The sunset dates for incentive programs would be delayed one year as follows:

- New Markets Tax Credit from 12/31/2019 to 12/31/2020;
- Nebraska Advantage Rural Development Act from 12/31/2019 to 12/31/2020;
- Nebraska Historic Tax Credit from 12/31/2019 to 12/31/2020;
- Nebraska Advantage Act All tiers from 12/31/2017 to 12/31/2018;
- Nebraska Advantage Research and Development Act from 12/31/2019 to 12/31/2020;
- Nebraska Advantage Microenterprise Tax Credit Act from 12/31/2019 to 12/31/2020; and
- Angel Investment Tax Credit Act from 12/31/2019 to 12/31/2020.

It is estimated that LB 1022 will reduce General Fund revenues in the amount of \$18,000,000 for FY 2020-21 due to the extended sunsets of the Angel Investment Tax Credit and the Nebraska Historic Tax Credit.

It is estimated that the Department will need a 0.5 FTE auditor to assist the Legislative auditor in gathering the additional information.

Major Objects of Expenditure								
		16-17	17-18	18-19	16-17	17-18	18-19	
Class Code	Classification Title	FTE	<u>FTE</u> 0.5	<u>FTE</u> 0.5	Expenditures	Expenditures	Expenditures	
A21212	Auditor	0.5	0.5	0.5	\$20,320	\$20,807	\$21,307	
		_						
Benefits					\$6,705	\$6,866	\$7,031	
Operating Costs								
Travel								
Aid								
Capital Improveme	nts							
					\$27,025	\$27,673	\$28,338	

Please complete <u>ALL</u> (5) blanks in the first three lines.

<b>LB</b> <sup>(1)</sup>	1022					I	FISCAL NOTE	
State Agency OR Political Subdivision Name: <sup>(2)</sup>		Auditor of Public						
Prepared by: <sup>(3)</sup> Mary Avery		Date Prepared: <sup>(4)</sup> 01/22/2016		Phone: <sup>(5)</sup>	402-471-3686			
		E	STIMATE PROVIDE	ED BY STATE AGEN	CY OR POLITIC	CAL SUBDIVIS	ION	
FY 201			<b>FY 20</b>	16-17		FY 2017-	FY 2017-18	
		-	EXPENDITURES	<u>REVENUE</u>	<b>EXPENDI</b>	TURES	<b>REVENUE</b>	
GENER	AL FUNI	DS						
CASH F	UNDS							
FEDER	AL FUNI	DS						
OTHER	R FUNDS							
TOTAL	FUNDS							

**Explanation of Estimate:** 

LB 1022, as currently written, would change provisions related to Legislative Audit. At this time, there would be no additional fiscal impact to Agency 010-Auditor of Public Accounts.

BREAKI	<u>DOWN BY MA.</u>	<u>JOR OBJECTS O</u>	<u>F EXPENDITURE</u>		
Personal Services:					
	NUMBER OI	F POSITIONS	2016-17	2017-18	
POSITION TITLE	<u>16-17</u>	<u>17-18</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>	
Benefits					
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements					
TOTAL					