

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$100,000	\$100,000	\$2,000,000	\$800,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$100,000	\$100,000	\$2,000,000	\$800,000

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, 2020;
- Reduces the adjusted limit for the program for calendar year 2020 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 20-21 to offset costs; and
- States intent to appropriate the \$2 million saved in FY 21-22 and each year thereafter to the Department of Economic Development for the Business Innovation Act.

The Nebraska Microenterprise Advantage Act is undersubscribed and approximately \$800,000 in tax credits are being utilized each year. The \$800,000 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 \$800,000 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 FY21-22, and the remaining \$1.9 million to be spent for aid as authorized under the Business Innovation Act.

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2020

LB⁽¹⁾ 879

FISCAL NOTE

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

Prepared by: ⁽³⁾ Tony Goins Date Prepared: ⁽⁴⁾ 1/16/2020 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$0		\$2,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$0</u>		<u>\$2,000,000</u>	

Explanation of Estimate:

LB879 eliminates the Nebraska Advantage Microenterprise Tax Credit Act as of December 31, 2020, and reduces the total amount of these tax credits available distribution by the Department of Revenue for 2020 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 FY2021-22. The bill also allows for up to 5% of the funds appropriated to be used for administrative expenses.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				\$80,000
Travel.....				20,000
Capital outlay.....				
Aid.....				1,900,000
Capital improvements.....				
TOTAL.....				<u>\$2,000,000</u>