PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza February 24, 2021 (402)471-0050

LB 134

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 202	FY 2022-23							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS	\$40,900		\$108,600						
CASH FUNDS									
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	\$40,900		\$108,600						

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

LB 134 seeks to amend various provisions regarding the reporting of tax incentive programs. Specifically, it refers to the following programs:

- The Beginning Farmer Tax Credit Act;
- The Community Development Assistance Act;
- The ImagiNE Nebraska Act;
- The Nebraska Advantage Act;
- The Nebraska Advantage Microenterprise Tax Credit Act;
- The Nebraska Advantage Research and Development Act;
- The Nebraska Advantage Rural Development Act;
- The Nebraska Job Creation and Mainstreet Revitalization Act;
- The New Markets Job Growth Investment Act; and
- The renewable energy tax credit provided in section 77-27,235

Additionally, any similar tax incentive program enacted after the effective date of LB 134 will also be included.

LB 134 requires the Department of Revenue to compile data regarding the aforementioned programs, including, but not limited to, the identity of the taxpayers receiving incentives, the total incentives received, the total wage credits used, and the years that a project was in a program. The data collected by the Department of Revenue is then to be sent to the State Treasurer for use in the creation of a website displaying its contents. LB 134 requires the website to be updated annually each March 1.

LB 134 updates provisions regarding confidentiality to allow for the disclosure of such information on the State Treasurer's website.

Furthermore, LB 134 requires the Department of Revenue to issue a report relating to the disclosed information on or before July 15 of each year, beginning in 2022. The Department is to also present this report to the Appropriations and Revenue Committees in a Joint Hearing on or before September 1 of each year, beginning in 2022.

The Department of Revenue estimates the need for a 1.0 FTE Tax Specialist beginning January 2022 and a 0.5 FTE Auditor beginning in July 2022 to implement LB 134. There is no basis to disagree with these estimates.

The State Treasurer's Office estimates no cost to implement LB 134. There is no basis to disagree with this estimate.

ADMINIS	STRATIVE SE	RVICES STATE BUDGET DIVISION: REVIEW OF	AGENCY & POLT. SUB. RESPONSE				
LB: 134	AM:	AGENCY/POLT. SUB: Department of	of Revenue				
REVIEWED BY:	Lee Will	DATE: 02/24/2021	PHONE: (402) 471-4175				
COMMENTS: Concur with the Department of Revenue's assessment of no impact to General Fund revenue. No basis to disagree with the Department's assessment of need for additional FTE to support the functions of the bill.							

LB 134 Fiscal Note 2021

State Agency Estimate								
State Agency Name: Department	of Revenue				Date Due LFO:			
Approved by: Tony Fulton		Date Prepared:	2/23/2021 Pho		Phone: 471-5896			
	FY 2021-	FY 2021-2022		-2023	FY 2023-2024			
	Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue		
General Funds	\$40,900		\$108,600		\$106,100			
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$40,900		\$108,600		\$106,100			

LB 134 amends the Taxpayer Transparency Act (Act) to require the disclosure of specific information about tax incentive payments on the State Treasurer's website. The bill also makes changes to confidentiality provisions to permit the additional disclosures.

The Department of Revenue (Department) must disclose to the Treasurer information related to tax refunds, tax credits, and tax exemptions received under the following programs: 1) the Beginning Farmer Tax Credit Act, 2) the Community Development Assistance Act, 3) the Nebraska Advantage Act, 4) the Nebraska Advantage Microenterprise Tax Credit Act, 5) the Nebraska Advantage Research and Development Act, 6) the Nebraska Advantage Rural Development Act, 7) the Nebraska Job Creation and Mainstreet Revitalization Act, 8) the New Markets Job Growth Investment Act, 9) the renewable energy tax credit provided in section 77-27,235, and 10) the ImagiNE Nebraska Act.

For each individual or entity that receives tax credits, the website will disclose: a) the identity of the taxpayer, b) the location where the taxpayer is earning tax incentives, c) the name of the tax incentive program, d) the increase in jobs or investment that allowed the taxpayer to earn the incentives, e) a list of tax credits earned broken down by investment and wage credits, f) tax credits used, g) direct sales and use tax refunds remitted to taxpayer, h) amount of wage credits used against employee withholding, i) amount of personal property exempted from tax, j) the aggregate amount of tax credits and sales tax refunds received to date, k) the aggregate amount of wage credits used against withholding, l) the aggregate amount of tax credits and sales tax refunds received by taxpayer to date from all programs, m) the year and phase of the taxpayer's project, n) amount of incentives recaptured.

The Department is to provide the specified information to the State Treasurer and the information will be published on the website annually each March 1. The new disclosures are made for tax incentives earned under agreements signed on or after the effective date of the act. If no agreement is signed under the program, the data is reported with respect to taxpayers who commence earning tax incentives on or after the effective date of the act.

Major Objects of Expenditure								
Class Code	Classification Title	21-22 FTE	22-23 FTE	23-24 FTE	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures	
A29621	Revenue Tax Specialist	0.5	1.0	1.0	\$27,000	\$55,300	\$56,600	
A21251	Revenue Auditor I	0.0	0.5	0.5	\$0	\$22,600	\$23,200	
Benefits	Benefits.				\$8,900	\$25,700	\$26,300	
Travel								
Capital Outlay					\$5,000	\$5,000	\$0	
Capital Improvements.								
Total					\$40,900	\$108,600	\$106,100	

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The Department will issue a report based on these disclosures on or before July 15, 2022 and each following year. The Department will also present the report at a joint hearing before the Appropriations and Revenue Committees on or before September 1, 2022 and each following year.

LB 134 will require 1.0 FTE tax specialist beginning January 2022 and 0.5 FTE auditor beginning in July 2022.

It is estimated that this bill will have no impact on General Fund revenues.

The operative date for this bill is three months after adjournment.

LB (1)	134							FISCAL NOTE		
State Agency OR Political Subdivision Name: (2)				State Treasurer						
Prepared by: (3)Jason Walters			D	ate Prepared: (4)	February 24,2021	Phone: (5)	402-471-2793			
	ESTIMATE PROVI			IDED BY	Y STATE AGENO	CY OR POLITICAL S	SUBDIVISI	ON		
			EXPENDITURE	<u>Y 2021-9</u> E <u>S</u>	<u>REVENUE</u>	EXPENDITU	<u>REVENUE</u>			
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Persona	al Service	:S:		NUMBE	R OF POSITION	S 2021-22		2022-23		
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Capital	outlay									
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