John Wiemer March 14, 2023 402-471-0051

LB 118

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2023-24		FY 2024-25			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS				(\$2,000,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS				(\$2,000,000)		

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

LB 118 seeks to make changes to the Nebraska Advantage Rural Development Act (Act). The fee for applications filed for an agreement with the Tax Commissioner would be changed from the current \$500 fee. LB 118 would make the application fee the following:

- \$100 for an investment amount of less than \$25,000
- \$250 for an investment amount of at least \$25,000 but less than \$50,000
- \$500 for an investment amount of \$50,000 or more

LB 118 also seeks to change requirements for the refundable credit in the Act so that the credit would be allowed to any taxpayer who has an approved application pursuant to the Act, is engaged in livestock production, and invests at least \$50,000 for livestock modernization or expansion for applications filed before January 1, 2024, or at least \$10,000 for livestock modernization or expansion for applications filed before January 1, 2024, or at least \$10,000 for livestock modernization or expansion for applications filed before January 1, 2024.

The Department of Revenue (DOR) estimates the following fiscal impact to General Fund revenues as a result of this bill:

- FY23-24: \$0
- FY24-25: (\$2,000,000)
- FY25-26: (\$3,000,000)
- FY26-27: (\$3,400,000)

The DOR estimates that there will be minimal cost to it to implement the bill.

There is no basis to disagree with these estimates.

The fiscal impact from changes in application fees is estimated to be minimal.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 118	AM:	AGENCY/POLT. SUB: Departm	AGENCY/POLT. SUB: Department of Revenue		
REVIEWED BY	∕∶ Neil Sullivan	DATE: 3/13/2023	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 118.					

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFO:								
Approved by: Glen White		Date Prepared:	03/13/2023		Phone: 471-5896			
	FY 2023-2024		FY 2024-2025		FY 2025-2026			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$ 0		(\$2,000,000)		(\$3,000,000)		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0		(\$2,000,000)		(\$3,000,000)		

LB 118 amends the Nebraska Rural Development Act (Act) to change the application fee to (i) \$100, for investment of less than \$25,000; (ii) \$250, for investment of at least \$25,000 but less than \$50,000; and (iii) \$500, for investment of \$50,000 or more. For applications filed on or after January 1,2024, LB 118 provides that the refundable credit is allowed to taxpayers who have an approved application under the Act, are engaged in livestock production, and who invest at least \$10,000 in livestock modernization or expansion. Applications filed before January 1, 2024 must have at least \$50,000 in investment for livestock modernization or expansion to qualify for the credit.

With the lower investment requirement under LB 118, there will be more applications qualified for the program. The Department of Revenue (DOR) estimates the program will gradually increase toward the cap of \$10 million. DOR estimates the fiscal impact to the General Fund revenues would be as follows:

Fiscal Year	General Fund Revenues		
FY 2023-2024	\$ -		
FY 2024-2025	\$ (2,000,000)		
FY 2025-2026	\$ (3,000,000)		
FY 2026-2027	\$ (3,400,000)		

It is estimated that there will be minimal costs to the DOR to implement this bill.

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

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	
Benefits	Benefits							
Operating Costs								
Travel								
Capital Outlay								
Capital Improvements								
Total								