

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$611,837	(\$0)	\$566,516	(\$273,943,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$611,837	(\$0)	\$566,516	(\$273,943,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 613 would amend several of Nebraska's economic development tax incentive programs to eliminate a restriction regarding base-year employees.

The bill would amend the Employment and Investment Growth Act, the Quality Jobs Act, the Rural Economic Opportunities Act, the Invest Nebraska Act, and the Nebraska Advantage Act by deleting certain language from the respective subsections of each Act that deal with the acquisition of a business.

The bill would delete the language specifying that employees of the acquired business are to be considered base-year employees for purposes of the act. This currently means the acquired employees cannot be considered new employees when determining eligibility for the tax incentives offered by each program. The change would allow the current employees of an acquired existing business to be counted as new employees when determining incentive eligibility. A business could purchase another company, invest enough in the company to meet one of the investment thresholds available under the incentive act, and use the acquired employees to qualify as a new project, without actually creating new jobs.

The Employment and Investment Growth Act, the Quality Jobs Act, the Rural Economic Opportunities Act, and the Invest Nebraska Act all no longer accept project applications. The Nebraska Advantage Act is the state's primary economic development incentive program.

The Department of Revenue, based on the number of businesses that are bought and sold in Nebraska, estimates the change proposed by LB 613 could result in as many as 200 new projects qualifying for Nebraska Advantage incentives per year.

The Department's estimate of fiscal impact to the General Fund is as follows:

FY2009-10:	(\$ 0)
FY2010-11:	(\$ 273,943,000)
FY2011-12:	(\$ 561,583,000)
FY2012-13:	(\$ 863,434,000)
FY2013-14:	(\$1,180,026,000)

The Department of Revenue estimates the cost to implement LB 613 to be as follows (the estimate is based on an additional 11 FTE each year, and includes some operating costs):

FY2009-10:	\$611,837
FY2010-11:	\$566,516
FY2011-12:	\$580,676

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact.

IMPACT TO POLITICAL SUBDIVISIONS:

There is no fiscal impact to political subdivisions associated with this bill.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
DEPARTMENT OF ECONOMIC DEVELOPMENT: Concur. No fiscal impact to the Department of Economic Development requiring a change of appropriations.					