

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2010-11</b>		<b>FY 2011-12</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	260,000	(2,200,000)	175,000	(3,200,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>260,000</b>	<b>(2,200,000)</b>	<b>175,000</b>	<b>(3,200,000)</b>

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

LB 1073 would establish the Building Nebraska’s Creative Economy Act. The program would provide an income tax credit of up to 17% of documented expenditures in Nebraska which are directly attributable to the production of films, television programming, commercials, or web-based or Internet-delivered content. The tax credit would be increased by 2% if at least \$20,000 was spent to use Nebraska-recorded music in the production, and by 3% if the production expenditures occurred in a non-metropolitan area. The amount of income tax credits for the program would be capped at \$5,000,000 per fiscal year.

Administrative costs related to the program would include a one-time \$85,000 General Fund expense for the Department of Revenue to modify tax forms and to program their data system to track the tax credit. The Department of Economic Development is authorized to administer the program. Assuming that the \$40,000 General Funds currently allocated to a contract to carry out Film Office duties would be applied to this program, it is estimated that an additional \$175,000 General Funds and 2 FTE would be required administer the tax credit program and to recruit production companies into the state.

There is no basis to disagree with the Department of Revenue estimate that income tax credits claimed may total approximately \$2,200,000 in FY10-11, \$3,200,000 in FY11-12, and \$5,000,000 in FY12-13.