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 DATE PREPARED: February 22, 2010  
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**LB 954**

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

**ESTIMATE OF FISCAL IMPACT – STATE AGENCIES \***

	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$107,680	(See Below)	\$99,200	(See Below)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$107,680</b>	<b>(See Below)</b>	<b>\$99,200</b>	<b>(See Below)</b>

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

LB 954 amends the Nebraska Advantage Act, Nebraska Revised Statutes Section 77-5726.

The bill would limit the amount of local option sales tax that may be refunded to qualifying taxpayers under the Nebraska Advantage Act. The amount of local option sales tax that would be refunded in any one calendar year for a project that expands an existing business is limited to the amount of increased sales and use tax paid by the taxpayer during that year over the calendar year prior to the year of application.

As the bill is written it appears to apply to both current agreements and future applications.

The Department of Revenue indicates that they are unable to estimate the impact of LB 954 at this time. If the bill limits the use of local option sales and used taxes in using credits that are earned, the bill could have a negative impact on State General Fund sales and use taxes and income taxes due to increased use of credits against those taxes.

The Department indicates that the bill would create a very large volume of additional data to review in qualification and subsequent audits. It is estimated that two additional auditors would be required to determine base year local option sales tax and the amount of sales tax that may be refunded, by year and by taxpayer. This would require an additional 2.0 FTE for auditors and a one-time computer programming cost to track local option refunds of \$10,880.

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

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/23/10	PHONE 471-2526
COMMENTS			
DEPT. OF REVENUE – No basis upon which to disagree.			