PREPARED BY: Keisha Patent
DATE PREPARED: March 01, 2019
PHONE: 402-471-0059

# LB 720

**Revision: 00**

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

**ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)**

| | FY 2019-20 | | FY 2020-21 | |
|---|---|---|---|---|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | $1,482,000 | ($4,000,000) | $989,900 | ($29,000,000) |
| CASH FUNDS | $5,000,000 | $0 | $5,000,000 | $0 |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | $6,482,000 | ($4,000,000) | $5,989,900 | ($29,000,000) |

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

LB 720 adopts the ImagiNE Nebraska Act. The act provides for tax incentives for qualifying taxpayers at qualified locations.

A qualified location means a location where a majority of business is: manufacturing; testing laboratories; administrative management of the taxpayer's activities; logistics facilities; research, development, or testing for scientific, agricultural, animal husbandry, food product, industrial, or technology purposes; data processing, insurance transportation, or financial services; telecommunications services; data centers; production of electricity using renewable energy; information technology services; or any other business location where at least 75% of revenue is from sales to customers who are not related that are delivered outside Nebraska.

To use incentives under the act, the taxpayer must apply with the Department of Economic Development (DED), requesting an agreement. There must be no new application filed after December 31, 2029.

If approved, DED and the taxpayer will enter into an agreement regarding qualified location(s); documentation to claim an incentive; application date; E-verify number; description of base-year employees, hire date, hours, and wages; unemployment insurance accounts; information provided as part of its report filed with the Department of Labor (DOL); timetable for expected sales tax refunds, including direct refunds and credits; and a requirement to update the Department of Revenue (DOR) annually on changes to the timetable of sales tax refunds.

The taxpayer can request review and certification from DED that the predominant business activity at the location(s) in the application are qualified locations and from the DOR that base year employment and wage levels are as reported. If not requested, these items are subject to audit by DOR.

An agreement is valid for up to 15 years. Employment and investment levels must be reached by the end up the ramp up period. The ramp up period is the four years after the year of the application. Credits can be used in the order they were first allowed. Credits can be used beginning with the taxable year the minimum levels were reached. The performance period is the year the employment and investment were met and the following 6 years, and the carry over period is the 3 years after the performance period.

On or before the receipt or use of any incentives, the taxpayer must pay DED a fee of one-half of 1% of the incentives to administer the act.

The bill prescribes five levels of investment and employment that qualify for incentives:

- 20 new employees;
- Investment of $1 million and 10 new employees;
- Investment of $5 million and 30 new employees;
- Investment of $250 million and 250 new employees; and
- Investment of $50 million.

At each level, the taxpayer is eligible for some or all of the following: wage credits, investment tax credits, sales tax refunds, personal property tax exemptions, and real property tax refunds.

Wage credits can be used to reduce the taxpayer's income tax liability, to obtain a refund of sales and use taxes which are not otherwise refundable, or to reduce employer withholding attributable to all employees. Investment credits can be used against income tax liability, to repay job training or infrastructure development loans, to receive payment from the state equal to the amount paid for job training and talent recruitment, to obtain a refund of sales and use taxes which are not otherwise refundable, or to obtain a payment from the state for real property taxes due if the taxpayer invests at least $250 million and hires 250 new employees.

Refund claims can only be filed after levels of employment and investment have been met and can only be filed once per quarter, except a refund exceeding $25,000 can be filed at any time. Refunds must be paid within 30 days, but are subject to later recovery upon an audit by the Tax Commissioner.

DED must make determinations of whether: an application under the act is complete; a location is a qualified location; to approve an application and sign the agreement; and all other interpretations of the act. DOL must provide DED with information requested.

The taxpayer can report and claim and receive incentives allowed by the act without waiting for a determination that the required investment and employment levels have been met if the taxpayer certifies the tax return or claim is correct and complete, the payment of the claim has not been previously made, and the taxpayer has not claimed or received a refund of the sales and use tax from the retailer. The Tax Commissioner or other taxing authority can recover any payment, exemption, or allowance upon review or audit. The bill specifies the amount of recapture if the taxpayer fails to meet the employment and investment levels within the specified time period.

LB 720 requires DED and DOR to jointly submit an annual report to the Legislature by July 15 each year and, on or before September 1 each year, appear at a joint hearing of the Appropriations and Revenue Committees to present the report. The bill specifies the information required in the report. DED, within input from DOR, can adopt and promulgate rules and regulations to carry out the act.

DED and DOR must, on or before October 15 and February 15 of every year and April 15 of every odd-numbered year, estimate the amount of sales and use tax refunds paid under the act. This estimate must be forwarded to the Legislative Fiscal Analyst and the Nebraska Economic Forecasting Advisory Board for inclusion in the revenue forecast.

LB 720 also creates the ImagiNE Nebraska Revolving Loan Fund, administered by DED, to offer workforce training or infrastructure development loans to taxpayers under the act. The bill requires a transfer of $5 million from the Cash Reserve Fund to the ImagiNE Nebraska Revolving Loan Fund no later than July 15, 2019, and no later than July 15, 2020.

Qualifying businesses who filed an application to receive incentives under the Employment and Investment Growth Act, the Nebraska Advantage Act, and the ImagiNE Nebraska Act must provide on or before June 30 annually to each municipality, in aggregate data, the maximum amount the business is eligible to receive in sales and use tax refunds for the previous year and an estimate of sales and use taxes the business intends to claim.

The bill also changes the sunset date of the Nebraska Advantage Act from December 31, 2020, to the effective date of the bill.

The bill contains the emergency clause.

**Revenue:**

The Department of Revenue estimates revenue to the General Fund as follows:

| Fiscal Year | General Fund |
|---|---|
| FY 18-19 | $ - |
| FY 19-20 | $(4,000,000) |
| FY 20-21 | $(29,000,000) |
| FY 21-22 | $(49,000,000) |
| FY 22-23 | $(77,000,000) |
| FY 23-24 | $(99,000,000) |
| FY 24-25 | $(122,000,000) |
| FY 25-26 | $(144,000,000) |
| FY 26-27 | $(164,000,000) |
| FY 27-28 | $(182,000,000) |
| FY 28-29 | $(197,000,000) |

There is no basis to disagree with these estimates based on the data available.

**Expenditures:**

DOL estimates a one-time charge of $80,000 in FY 19-20 for updates to its reporting system.

DOR estimates expenditures for:
- 1.0 FTE IT Application Developer Senior each year;
- 0.5 FTE Auditor in FY 19-20, increasing to 1.0 FTE in FY 20-21 and thereafter;
- 0.5 FTE Business Systems Analyst for two years; and
- 1.0 FTE Fiscal Compliance Analyst in FY 20-21, increasing to 2.0 FTE in FY 21-22.

Total administrative costs estimated to implement the bill are $161,000 in FY 19-20 and $251,600 in FY 20-21.

DED estimates expenditures for:
- A one-time charge of $200,000 to OCIO for computer programming for applications and qualifications in FY 19-20;
- A one-time charge of $250,000 for programming the revolving loan fund program in FY 19-20;
- A one-time charge of $50,000 for contract services in FY 19-20;
- 1.0 FTE Economic Development Division Administrator each year;
- 0.75 FTE Economic Development Manager in FY 19-20, increasing to 1.0 FTE in FY 20-21 and thereafter;
- 2.0 FTE Economic Development Business Consultant in FY 19-20, increasing to 3.0 FTE in FY 20-21;
- 1.0 FTE Attorney II each year; and
- 0.75 FTE Economic Development Financial Packager in FY 19-20, increasing to 1.0 FTE in FY 20-21.

Total administrative costs, including the one-time charges, salary and benefits for employees, travel, and capital outlay, are estimated to be $1,241,100 in FY 19-20 and $738,900 in FY 20-21.

There is no basis to disagree with these estimates. In addition, we agree with DED that the bill directs a fee of one-half of 1% of the incentive for administration of the act, but the fee is not directed to a particular fund and there is a question as to the timing of the availability of the funds. As a result, we concur with DED that General Funds will be required for their administrative costs in FY 19-20 and 20-21.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|---|---|
| LB: 720 | AM: | AGENCY/POLT. SUB: Department of Revenue |
| REVIEWED BY: Lee Will | DATE: 3/5/2019 | PHONE: (402) 471-4175 |
| COMMENTS: The Department of Revenue's assessment of fiscal impact seems reasonable given the assumptions used. | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|---|---|
| LB: 720 | AM: | AGENCY/POLT. SUB: Department of Labor |
| REVIEWED BY: Lee Will | DATE: 3/4/2019 | PHONE: (402) 471-4175 |
| COMMENTS: No basis to disagree with the Department of Labor's assessment of fiscal impact. | | |

| **LB 720** | | | | | | | **Fiscal Note** | **2019** |
|---|---|---|---|---|---|---|---|---|

**State Agency Estimate**

| State Agency Name: Department of Revenue | | | | | | Date Due LFA: 3/1/19 |
|---|---|---|---|---|---|---|
| Approved by: Tony Fulton | | Date Prepared: 3/1/19 | | | | Phone: 471-5896 |
| | **FY 2019-2020** | | **FY 2020-2021** | | **FY 2021-2022** | |
| | Expenditures | Revenue | Expenditures | Revenue | Expenditures | Revenue |
| General Funds | $161,000 | ($4,000,000) | $251,000 | ($29,000,000) | $268,200 | ($49,000,000) |
| Cash Funds | $5,000,000 | $5,000,000 | | | | |
| Federal Funds | | | | | | |
| Other Funds | | | | | | |
| Total Funds | $5,161,000 | $1,000,000 | $251,000 | ($29,000,000) | $268,200 | ($49,000,000) |

LB 720 adopts the ImagiNE Nebraska Act, creates the ImagiNE Nebraska Revolving Loan Fund, creates additional reporting requirements for applicants, and sunsets the Nebraska Advantage Act.

The ImagiNE Nebraska Act allows taxpayers to enter into an agreement with the Department of Economic Development (DED) to obtain tax benefits based on investment and new employment at qualified locations. An agreement may consist of a single location, all qualified locations within a county, or all qualified locations within the state. The locations are required to be interdependent.

A qualified location is defined as a location where the majority of the business activities conducted are within the following NAICS codes and descriptions:

a. Manufacturing – 31, 32, and 33;
b. Testing laboratories – 541380;
c. The administrative management of taxpayer's activities including the administrative management of any business entity in which the taxpayer holds at 10% interest;
d. Logistics facilities - portions of NAICS 488210, 488310, and 488490 dealing with independently operated trucking terminals, independently operated rail and railway terminals, and waterfront terminal and port facility operations;
e. Research, development, and testing for scientific, agricultural, or animal husbandry, food product, industrial, or technology purposes;
f. Data processing, insurance, transportation, or financial services;
g. Telecommunication services;
h. Data Center;
i. Production of electricity by using one or more sources of renewable energy to produce electricity for sale.
j. Information technology services; and
k. Any business location where at least 75% of revenue is derived from sales to customers who are not related persons, which are delivered out of state. Intermediate sales to related persons within the state are included as sales to persons outside the state if the related person sells the goods or services to a location outside Nebraska.

The definition of qualified location specifically excludes locations where a majority of the business activities are one or more of the following:

a. Agriculture, forestry, fishing, and hunting;
b. Mining, quarrying, and oil and gas extraction;
c. Utilities, other than those specifically included;
d. Construction;
e. Retail trade other than a business that meets the 75% out of state sales standard;
f. Real estate, rental, and leasing;

g. Professional, scientific, and technical services, other than those specifically allowed;
h. Health care and social assistance;
i. Arts, entertainment, and recreation;
j. Accommodation and food services; or
k. Public administration.

Taxpayers who want to participate in the program must submit an application to the Department of Economic Development. As part of the application, taxpayers must supply unemployment insurance account numbers for the subaccount of each qualified location and sufficient information to calculate the base-year employment.

Prior to entering into an agreement, the taxpayer may request that DED certify that each location is a qualified location under the Act. The taxpayer may also request that the Department of Revenue (DOR) certify the base-year employment. If the taxpayer does not request certification the location's majority business activity and or base-year employment level will be subject to audit. If the application is approved, the taxpayer will enter into an agreement with DED.

The following benefits are available to taxpayers that meet the required levels of employment and investment:

| | A | B | C | D | E |
|---|---|---|---|---|---|
| Minimum Number of Jobs | 10 FTE | 20 FTE | 30 FTE | 250 FTE | N/A |
| Minimum Investment | 1 M | None | 5 M | 250 M | 50 M |
| Wage Threshold | 90-County Average | Statewide Average | Statewide Average | Statewide Average | 150% Statewide Average |
| Wage Credit (WC) | 5% @ 90 County Average | 5% @100% Statewide Avg.<br>7% @150% Statewide Avg.<br>10% @175% Statewide Avg.<br>15% @200% Statewide Avg. | 5% @100% Statewide Avg.<br>7% @150% Statewide Avg.<br>10% @175% Statewide Avg.<br>15% @200% Statewide Avg. | 5% @100% Statewide Avg.<br>7% @150% Statewide Avg.<br>10% @175% Statewide Avg.<br>15% @200% Statewide Avg. | None |
| Investment Tax Credit | 5% | None | 7% | 10% | 4% |
| Sales Tax Refund-Exemption | None | None | Yes | Yes | None |
| Personal Property Tax Exemption | None | None | For all personal property at data center | For All personal property | For all personal property at data center |
| Real Property Tax ITC Refund | None | None | None | Yes | None |

Employment and investment levels must be met by the end of the Ramp-up period. The Ramp-up period means the year of application and the subsequent 4 years. The Performance period means the year during which the required increases in employment and investment were met and the subsequent 6 years. The carryover period means the period of three years immediately following the end of the performance period. An agreement under the Act may last up to 15 years.

At the time an agreement is executed the taxpayer will be issued a direct payment permit. Until the taxpayer invests at least $5 million and hires at least 30 new employees, the taxpayer must pay and remit use tax. Any local use tax remitted to the state under an agreement will be held by the state and not remitted to the applicable local government unless and until four years have passed after the year of application. If the taxpayer meets the required investment and employment level, the state and local use tax will be refunded to the taxpayer. If, however, the required investment and employment levels are not met within the ramp-up period, the local use tax held by the state will be remitted to the applicable local government.

The taxpayer may request DED to review and precertify that the locations in the application are qualified and may also request the DOR to review and precertify the base year information. If the taxpayer does not request precertification, those issues can be reviewed by the DOR when the taxpayer is audited.

Before it is eligible to use benefits, a taxpayer must pay to DED an administrative fee equal to 1/2% of the benefits requested. The fee may be paid by direct payment or by deducting the amount from the benefit.

Wage credits may be used against income tax liability or employer withholding attributable to all employees at the qualified locations. Investment credits may be used against income tax liability, to repay a loan received through the ImagiNE Nebraska Revolving Loan Fund, or to receive payment from the state equal to the amount the taxpayer demonstrates was paid by the taxpayer for job training and talent recruitment. Wage and investment credits may also be used to obtain a refund of sales taxes paid that are not otherwise refundable.

The Act provides that sales tax refunds shall be paid by DOR within 30 days after receiving the claim. Such payments are subject to later recovery upon audit. A request for a hearing does not constitute a waiver of the thirty-day period.

Once an agreement is signed a taxpayer may file for and receive benefits without waiting for DOR to verify that it has met employment and investment levels if the tax return or claim has been signed by an authorized person who declares under penalties of perjury that the tax return, claims, or schedules are correct. If the DOR or DED later determine that the taxpayer did not qualify, the benefits may be recaptured.

Audits of employment and investment thresholds may be made by DOR to the extent and manner determined by the director of DED.

Upon request of DED or DOR, the Department of Labor (DOL) will share the employment data it collects related to the number of employees and wages paid for each taxpayer.

A determination that a location is not qualified or that a taxpayer has failed to meet or maintain the required levels of investment or employment may be protested within 60 days with DED.

DED and DOR will submit an annual report of program activity to the legislature no later than July 15 of each year.

DED, with input from DOR, may adopt rules and regulations.

On or before October 15 and February 15 of every year and April 15 of odd numbered years, DED and DOR will jointly make an estimate of the amount of sales and use tax refunds to be paid under the Act during the fiscal years to be forecast.

LB 720 also establishes the ImagiNE Nebraska Revolving Loan Fund which will be administered by DED. Taxpayers with an ImagiNE Nebraska Act application may receive a loan for workforce training and infrastructure development expenses. All loans must be repaid with interest. Taxpayers may use ImagiNE Nebraska Act credits to repay loans. If a taxpayer fails to attain the required minimum number of new employees, minimum wage, and investment of $20 million, the principle and interest of the loan shall be considered an underpayment of tax and may be recovered by the DOR.

LB 720 provides that, on or before June 30 of each year, every business that has filed an application to receive tax incentives under the Employment and Investment Growth Act, the Nebraska Advantage Act, or the ImagiNE Nebraska Act must report to each municipality, in aggregate data, the maximum amount of sales and use tax refunds it is eligible to receive for the previous year and an estimate of the amount it intends to claim.

LB 720 sunsets applications for benefits under the Nebraska Advantage Act on the effective date of the bill.

Because applications under the Nebraska Advantage Act are scheduled to sunset December 31, 2020, the revenue impact of LB 720 is estimated as an entirely new incentive program and is not compared to the revenue impact of the Nebraska Advantage Act assuming the current program were merely extended. The Department estimates LB720 will have the following impact to the General Fund revenues:

| Fiscal Year | Reduction To General Fund Revenue |
|---|---|
| FY 2018-19 | $ - |
| FY 2019-20 | $ 4,000,000 |
| FY 2020-21 | $ 29,000,000 |
| FY 2021-22 | $ 49,000,000 |
| FY 2022-23 | $ 77,000,000 |
| FY 2023-24 | $ 99,000,000 |
| FY 2024-25 | $ 122,000,000 |
| FY 2025-26 | $ 144,000,000 |
| FY 2026-27 | $ 164,000,000 |
| FY 2027-28 | $ 182,000,000 |
| FY 2028-29 | $ 197,000,000 |

**LB 720 provides that the State Treasurer shall transfer $5 million from the Cash Reserve Fund to the ImagiNE Nebraska Revolving Loan Fund no later than July 15, 2019 and again on July 15, 2020.**

LB720 will need 1.0 FTE IT Application Developer/Senior to develop and maintain a tracking system for data analysis for the reporting requirement. The Department also need 0.5 FTE auditor in the first year, increasing to 1.0 FTE beginning in the second year; 0.5 FTE business systems analyst for the first two years; and 1.0 fiscal compliance analyst in the second year, increasing to 2.0 FTE fiscal compliance analysis beginning in the third year.

LB 720 contains an E-clause.

| Major Objects of Expenditure | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | 19-20 | 20-21 | 21-22 | 19-20 | 20-21 | 21-22 |
| Class Code | Classification Title | FTE | FTE | FTE | Expenditures | Expenditures | Expenditures |
| A07012 | IT Applications Developer/Senior | 1.0 | 1.0 | 1.0 | $67,200 | $71,400 | $70,300 |
| A21212 | Auditor | 0.5 | 1.0 | 1.0 | $21,300 | $45,300 | $44,600 |
| A07081 | IT Business Systems Analyst | 0.5 | 0.5 | 0.0 | $25,000 | $26,600 | $0 |
| A21211 | Fiscal Compliance Analyst | 0.0 | 1.0 | 2.0 | $0 | $42,100 | $83,000 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Benefits | | | | | $37,500 | $61,200 | $65,300 |
| Operating Costs | | | | | | | |
| Travel | | | | | | | |
| Capital Outlay | | | | | $10,000 | $5,000 | $5,000 |
| Capital Improvements | | | | | | | |
| **Total** | | | | | $161,000 | $251,600 | $268,200 |

Please complete **ALL** (5) blanks in the first three lines. **2019**

**LB**(1) 720 **FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Department of Economic Development

Prepared by: (3) Dave Rippe Date Prepared: (4) 2/27/2019 Phone: (5) 471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

| | FY 2019-20 | | FY 2020-21 | |
|---|---|---|---|---|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | $1,241,100 | (See Below) | $738,900 | (See Below) |
| CASH FUNDS | | 5,000,000 | | 5,000,000 |
| FEDERAL FUNDS | | | | |
| Cash Reserve FUND | | (5,000,000) | | (5,000,000) |
| TOTAL FUNDS | $1,241,100 | (See Below) | $738,900 | (See Below) |

**Explanation of Estimate:**

LB720 creates a new tax incentive program called the ImagiNE Nebraska Act, which replaces the Nebraska Advantage Act, sunsets all six tiers of the Nebraska Advantage Act, and creates a revolving loan program. The bill defines activities that qualify for incentives under the ImagiNE Nebraska Act according to the North American Industrial Classification System (NAICS). DED becomes responsible for receiving, reviewing, and within 90 days, approving applications for ImagiNE Nebraska. In addition, the DED director would be responsible for signing 15-year agreements between the State and qualifying businesses.

As drafted, the bill requires participating businesses to send information on employment at a qualified location to the Nebraska Department of Labor (NDOL), and investment information to the Property Tax Administrator, at the Nebraska Department of Revenue (NDR). The business may also request DED review and certify the predominant business activity at the proposed location is qualified for benefits under the act. In these cases, DED has 90 days to complete the review. A business may also request NDR certify base year employment and investment. If a business does not request these reviews, the location is subject to audit by NDR.

Under the provision of LB720, businesses with a signed agreement may earn tax credits and become eligible for direct refunds that are reported to NDR. Unlike Nebraska Advantage, there is no tier structure, and benefits earned increase with employment, average wages, and investment at qualified locations. Tax credits may be used against individual and corporate income taxes, sales and use taxes, and employee withholding. ImagiNE Nebraska contains new uses for tax credits, including payment of documented costs for job training, and talent attraction. The bill directs ½% of the refunds outlined in Section 32 of the bill to the DED director for administering ImagiNE Nebraska.

LB720 also creates the ImagiNE Nebraska revolving loan fund, housed in DED for the purpose of providing loans to the business, for the purpose of workforce training or infrastructure development at a qualified location. The loan will be repaid with tax credits earned under the act, or directly by the business, and if the project does not qualify, NDR will collect outstanding loans. The bill also contains intent language for a transfer to the loan fund from the Cash Reserve Fund of $5 million in FY2019-20 and FY20-21.

The Department expects several new positions will need to be created, due to the expanded responsibilities under LB720. This includes an estimate of $200,000 to OCIO for computer programming for administration of the ImagiNE applications and qualification, and $250,000 for programming for the revolving loan fund portion of the program. Another $50,000 in operating expenses is estimated for contract services in the first year. The bill contains an emergency clause, meaning DED will likely have responsibilities under the act before the beginning of the biennium. DED also believes there will be some ramp-up time for the revolving loan program, which is reflected in the number of positions requested. The tasks necessary for determining qualification for ImagiNE in the first year total 4.0 FTE, and for the loan program total 1.50. For the second year, they increase to 4.25 and 2.75, for qualification and loan tasks, respectively. Although the half percent of refunds are to be collected and used for administration, the bill, as drafted, does not direct these funds to a specific cash fund. In addition, it is unknown how much revenue the administration fee will raise, and how soon this source of funds will be available. It is assumed there will not be cash funds available from refunds in the biennium.

## BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

**Personal Services:**

| POSITION TITLE | NUMBER OF POSITIONS 19-20 | 20-21 | 2019-20 EXPENDITURES | 2020-21 EXPENDITURES |
|---|---|---|---|---|
| G49430 Econ Dev. Division Administrator | 1.00 | 1.00 | $80,200 | $82,200 |
| G49550 Econ Dev Manager | 0.75 | 1.00 | 48,400 | 66,200 |
| A49310 Econ Dev. Bus Consultant | 2.00 | 3.00 | 116,000 | 178,300 |
| A31112 Attorney II | 1.00 | 1.00 | 67,000 | 68,700 |
| A49280 Econ. Dev. Financial Packager | 0.75 | 1.00 | 43,500 | 59,500 |
| | | | | |
| **Benefits**…………………………………...…… | | | 142,000 | 174,800 |
| **Operating**…(Includes OCIO costs and contract services)…………………...………. | | | 621,000 | 91,000 |
| **Travel**…(Includes a vehicle) …………….. | | | 80,500 | 18,200 |
| **Capital outlay**…………………...………….. | | | 42,500 | 0 |
| **Aid**…………………………………………... | | | | |
| **Capital improvements**……………………... | | | | |
| **TOTAL**……………………………….…. | 5.50 | 7.00 | $1,241,100 | $738,900 |

**Please complete ALL (5) blanks in the first three lines.** **2019**

**LB**(1) 720 **FISCAL NOTE**

**State Agency OR Political Subdivision Name:** (2) Nebraska Department of Labor

**Prepared by:** (3) Katie Thurber **Date Prepared:** (4) 2-26-2019 **Phone:** (5) 402-471-9912

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

| | FY 2019-20 EXPENDITURES | FY 2019-20 REVENUE | FY 2020-21 EXPENDITURES | FY 2020-21 REVENUE |
|---|---|---|---|---|
| GENERAL FUNDS | $80,000 | | | |
| | | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | $80,000 | | | |

**Explanation of Estimate:**

LB 720 requires taxpayers claiming an incentive under the proposed ImagiNE Nebraska Act to report information to the Nebraska Department of Labor (NDOL). LB 720 expands on existing reporting requirements for all Nebraska employers covered by the Nebraska Employment Security Law. In order to accommodate the expansion of the reporting elements, NDOL will need to amend its current system. It is estimated that it will take 800 IT hours to adjust the existing system to accommodate the expansion. The total cost is dependent on whether NDOL employees or contractors are used. The cost is anticipated to be between $54,000 and $80,000 during FY19-20 only. NDOL personnel would total $48,500 for Salaries, Benefits and overhead with an additional $5,500 for computer needs while IT contract costs are shown below..

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| POSITION TITLE | NUMBER OF POSITIONS 19-20 | NUMBER OF POSITIONS 20-21 | 2019-20 EXPENDITURES | 2020-21 EXPENDITURES |
|---|---|---|---|---|
| | | | | |
| | | | | |
| Total Salaries | | | | |
| Benefits | | | | |
| Operating | | | $80,000 | |
| Travel | | | | |
| Capital outlay | | | | |
| Aid | | | | |
| Capital improvements | | | | |
| TOTAL | | | $80,000 | |