

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		\$11,300,000		\$13,420,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$11,300,000		\$13,420,000

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

LB 417 changes the sunset date for new applications for:

- The New Markets Job Growth Investment Act from December 31, 2022, to the effective date of the bill;
- The Nebraska Job Creation and Mainstreet Revitalization Act from December 31, 2022, to the effective date of the bill;
- The Nebraska Advantage Rural Development Act from December 31, 2022, to December 31, 2019; and
- The Nebraska Advantage Act from December 31, 2020, to December 31, 2019 for all tiers.

The bill also changes the sunset date for the Beginning Farmer Board to approve new applications, tax credits, or exemptions under the Beginning Farmer Tax Credit Act from December 31, 2022, to the effective date of the bill.

The bill contains the emergency clause.

Revenue:

The Department of Revenue estimates General Fund and Cash Fund revenue as follows:

	General Fund	Cash Fund
FY 19-20	\$11,300,000	\$0
FY 20-21	\$13,420,000	\$0
FY 21-22	\$15,200,000	\$550,000
FY 22-23	\$15,565,000	\$625,000

Expenditures:

The Department of Revenue and Department of Economic Development estimate minimal cost to implement the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 417	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 3/4/2019	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact to the Department. Concur that the acceleration of sunset dates for the four tax incentive programs noted by the Department will increase both General and Cash Fund revenues.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 417 AM: AGENCY/POLT. SUB: Department of Economic Development

REVIEWED BY: Lee Will DATE: 3/1/2019 PHONE: (402) 471-4175

COMMENTS: Concur with the Department of Economic Development's assessment of no fiscal impact to the Department. The adjustments of sunset dates for the five tax incentive programs listed could increase the amount of General Fund tax credit applications in the short term with the assumption that they might be expedited to meet these newly imposed deadlines.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 3/1/19				
Approved by: Tony Fulton		Phone: 471-5896				
Date Prepared: 3/1/19						
FY 2019-2020		FY 2020-2021		FY 2021-2022		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$0	\$11,300,000	\$0	\$13,420,000	\$0	\$15,200,000
Cash Funds					\$550,000	
Federal Funds						
Other Funds						
Total Funds	\$0	\$11,300,000	\$0	\$13,420,000	\$0	\$15,750,000

LB 417 changes the sunset dates for 5 tax incentive programs. The bill provides that no new Nebraska Advantage Act or Nebraska Advantage Rural Development Act project applications may be filed after December 31, 2019. Operative with the Emergency Clause, no new applications will be accepted under the New Market Job Growth Investment Act or the Nebraska Job Creation Mainstreet Revitalization Act. Also operative with the Emergency Clause, no new applications, tax credits, or exemptions may be approved by the Board under the Beginning Farmer Tax Credit Act.

The early sunset on Nebraska Advantage Act will not result in fewer applications; rather, the Department would expect an influx in applications prior to the December 31, 2019 date with attainment being achieved later. The Department estimates the impact from each tax program from the accelerated sunset dates as follows:

	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023
Nebraska Advantage	\$ -	\$ -	\$ -	\$ -
Nebraska Advantage Rural Development Act	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
New Markets Job Growth Investment Act	\$ -	\$ -	\$ 2,200,000	\$ 2,500,000
Mainstreet Revitalization Act	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Beginning Farmer Tax Credit Act	\$ 1,300,000	\$ 1,420,000	\$ 1,550,000	\$ 1,690,000

Sunsetting these tax programs will increase the General Fund and Cash Fund revenues as follows:

	General Fund	Cash Fund
FY 2019-2020	\$ 11,300,000	\$ -
FY 2020-2021	\$ 13,420,000	\$ -
FY 2021-2022	\$ 15,200,000	\$ 550,000
FY 2022-2023	\$ 15,565,000	\$ 625,000

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

Major Objects of Expenditure

Class Code	Classification Title	19-20	20-21	21-22	19-20	20-21	21-22
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....						

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2019

LB⁽¹⁾ 417

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Rippe Date Prepared: ⁽⁴⁾ 1/28/2018 Phone: ⁽⁵⁾ 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB417 changes the sunset dates to the effective date of this act for the New Markets Job Growth Investment Act, the Nebraska Job Creation and Mainstreet Revitalization Act, and the Beginning Farmer Tax Credit Act. All sunset dates are currently December 31, 2022. In addition, LB417 changes the sunset date to December 31, 2019 for the Nebraska Advantage Rural Development Act. The sunset date is currently December 31, 2022. Last, LB417 changes the sunset dates to December 31, 2019 for all six tiers of the Nebraska Advantage Act. The sunset dates are currently December 31, 2020.

It is estimated that there will be no costs to the Department to implement LB417 as drafted.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____