

Revised to include amendments adopted on General File

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES * | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2011-12 | | FY 2012-13 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | 145,500 | (2,063,000) | 83,500 | 0 |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | 145,500 | (2,063,000) | 83,500 | 0 |

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

LB 389 as amended would establish the Angel Investment Tax Credit Act. The fiscal impact would include:

Department of Economic Development (DED) expenses -- DED would be directed to administer provisions of the act, including certifying eligible businesses and investors, accepting tax credit applications, issuing tax credit certificates and reviewing annual reports filed by businesses and investors participating in the program. DED estimates that the annual cost to carry out the program would total \$83,500 General Funds. One FTE staff position would be added to administer the program.

Department of Revenue expenses: The Department of Revenue would incur one-time costs to revise tax forms and to develop a tracking system for the use of tax credits. The agency estimates a one-time cost of \$62,000 General Funds.

Angel Investment tax credits and Nebraska Advantage Rural Development tax credits: The Angel Investment Tax Credit Act would provide income tax credits to eligible investors beginning in the 2011 tax year, and would be capped at \$3,000,000 per year. Credits not allocated during a calendar year could not be carried forward to subsequent years. Investments made in tax year 2011 and 2012 would be eligible for a 40% tax credit; investments made in subsequent years would be eligible for a 35% tax credit.

LB 389 would lower the cap for the Nebraska Advantage Rural Development Act from \$4,000,000 to \$1,000,000 beginning with applications filed in calendar year 2012. The deadline to file tax credits for the 2011 tax year would be July 1, 2011, and tax credits deemed unallocated under the Nebraska Advantage Rural Development Act in calendar year 2011 could be used for the purpose of the Angel Investment Tax Credit Act.

The Department of Revenue estimates a revenue loss of \$2,063,000 in FY11-12, based upon the start of the Angel Investment Tax Credit Act and the July 1, 2011 application deadline for credits the Nebraska Advantage Rural Development Act. Beginning in 2012 and in subsequent years, the Angel Investment tax credits would be offset by the lower cap imposed upon Nebraska Advantage Rural Development tax credits, and there would be no net impact to the General Fund.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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| COMMENTS | | | | | |
| DEPARTMENT OF ECONOMIC DEVELOPMENT: Concur. | | | | | |