

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$334,330	(\$6,750,000)	\$250,540	(\$10,125,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$334,330</b>	<b>(\$6,750,000)</b>	<b>\$250,540</b>	<b>(\$10,125,000)</b>

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

LB1022 creates the Cast and Crew Act.

- Declares findings of the Legislature;
- Declares intent;
- Sets definitions under the act;
- Sets qualified expenditures under the act;
- Creates eligibility for qualified productions with qualified expenditures under the act to receive tax credits under the act;
- Sets the tax credit amounts and sets eligibility for increases, defines the amounts of increases under each category;
- Caps the total tax credits at \$25,000,000 per year;
- Caps the total tax credit that can be claimed by any single production at \$15,000,000;
- Creates an application process for the tax credit program and sets an application fee;
- Sets administration of the act within the Department of Economic Development, sets tax credit auditing authority with the Department of Economic Development, sets requirements of the audit;
- Allows for tax credits to be transferred to other production companies;
- Bars productions that receive tax credits under the act from receiving grants under the act;
- Requires the Department of Economic Development to promulgate rules and regulations under the act;
- Creates a grant program within the Department of Economic Development, sets intent of the grant program, sets eligibility of the grant program, sets levels of awards for the grant program, sets a cap of \$1,325,000 of total grant awards per year;
- Strikes the intent to transfer the unobligated balance of the Nebraska Film Office Fund to the General Fund on 6/30/2025; and
- Creates a tribal communities film and entertainment education grant program under the Nebraska Film Office Fund statute and requires the Department to award at least \$75,000 per year. There is no additional transfer provided in LB1022.

No basis to disagree with estimates provided by the Department of Revenue. No basis to disagree with the estimate provided by the Department of Economic Development, except that the agency does not assume any salary or benefits increases for FY25-26 for the additional personnel needed pursuant to this bill's provisions. While the actual salary and health insurance increases for FY25-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY24-25 will have ongoing rising costs associated with salary and health insurance increases, which are normally addressed in the biennial budget process for all bargaining and non-bargaining employees.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1022	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 2/16/2024	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1022 appears reasonable.			



Nebraska. In addition, the bill creates a grant program for Nebraska filmmakers and a grant program for film and education programs in tribal communities in Nebraska.

The bill strikes the language in § 81-1220(1)(b) that would have transferred the unexpended/unobligated balance of the Nebraska Film Office Fund to the General Fund on June 30, 2025.

The estimated impact of LB1022 on the General Funds is as follows:

Fiscal Year	General Funds Revenues
FY 2024-25	(\$ 6,750,000)
FY 2025-26	(\$ 10,125,000)
FY 2026-27	(\$ 14,400,000)
FY 2027-28	(\$ 14,400,000)

It is estimated that this bill will have minimal costs to the Department of Revenue.

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2024

LB<sup>(1)</sup> 1022

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Economic Development

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 2/7/2024 Phone: <sup>(5)</sup> 402-471-3777

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

	<u>FY 2024-25</u>		<u>FY 2025-26</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:**

LB1022 would create the Cast and Crew Nebraska Act to provide a refundable and transferrable income tax for qualifying productions companies. A production company would apply to DED for a tax credit of between 20% and 35% of qualifying expenditures, up to \$15 million dollars per year. The total amount of tax credits that DED may allow in any calendar year is \$25 million. DED would be required to create an application, accept a nonrefundable \$500 fee, screen and approve applications, notifying production companies of approval, conducting audits of each qualified production activity, and notifying the Department of Revenue of the tax credit recipients.

LB1022 would also the create a new grant program to be funded from the Nebraska Film Office Fund, administered by DED. The new program includes grants for Nebraska filmmakers and tribal communities in Nebraska. Eligibility for this grant includes films produced in Nebraska, tell a Nebraska story, and is comprised of at least 50% a Nebraskan workforce. The bill includes language that would require the department to award grants for a total of four full-length films or documentaries and ten short-length films or documentaries each calendar year. The grants would not exceed \$250,000 for full-length features and \$25,000 for short-length features. Total grants awarded for a year shall not exceed \$1.325 million. In addition, the bill would create a grant program for film and entertainment education programs in tribal communities in Nebraska, with grants for that totaling at least \$75,000 each calendar year. Production companies that receive tax credits under the Cast and Crew Nebraska act would not be eligible for a Nebraska Film Office grant.

DED expects that for a full year, approximately four applications each year will receive Nebraska tax credits, out of applications six per year. The Department believes it will need the services of an Economic Development Manager and an Economic Development Consultant II to administer the tax credit program, issue tax documents, implement the grant program, manage grants, collect data, conduct audits, and complete reports. Operating costs include \$100,000 one-time costs for OCIO programming. Operating expenses include \$100,000 for programming costs to develop a paperless reporting system for the tax credit that can pass tax credit information to the Department of Revenue, and \$5,970 for additional rented office space.

The bill as drafted does not contain any intent language to transfer funds to the Film Office Fund. That fund currently has a balance of approximately \$816,000, all of which is under contract for the current film grant program. DED assumes film tax credits awarded in FY2023-24 will amount to approximately ¼ of the available \$25 million and will be paid out in the Spring of 2025.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	24-25	25-26	EXPENDITURES	EXPENDITURES
G49550 Econ Dev Manager	1.00	1.00	\$72,650	\$72,650
A49012 Econ Bus Dev Consultant II	0.75	1.00	51,360	68,480
<b>Total</b>	<b>1.75</b>	<b>2.00</b>	<b>\$124,010</b>	<b>\$141,130</b>
<b>Benefits</b> .....			43,400	\$49,390
<b>Operating</b> .....(includes \$100,000 OCIO Costs .....			\$137,320	\$45,200
<b>Travel</b> .....			\$12,400	\$14,820
<b>Capital outlay</b> .....			\$17,200	
<b>Aid</b> .....				
<b>Capital improvements</b> .....				
<b>TOTAL</b> .....			<b>\$334,330</b>	<b>\$250,540</b>