PREPARED BY: Jeanne Glenn DATE PREPARED: May 05, 2015 PHONE: 402-471-0056

**LB 175** 

Revision: 01

## **FISCAL NOTE**

Revised based upon amendments adopted.

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	15-16	FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS				(1,500,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS				(1,500,000)			

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

LB 175 would amend Nebraska Advantage Rural Development Act provisions of the Livestock Growth Act. The fiscal impact would include:

Revisions in the Nebraska Advantage Rural Development Act. – LB 175 would amend the statutory maximum for credits approved under the Nebraska Advantage Rural Development Act. Currently, the statutory limit for approved projects is \$1,000,000 annually. Under the provisions of LB 175, the statutory limits for applications filed in calendar year 2016 would be: 1) \$1,000,000 for projects described under subsection (1) of section 77-27,188 and 2) \$1,500,000 for projects authorized under subsection (2) of 77-27,188. LB 175 would also establish a new statutory maximum grant for projects approved under subsection (2) of 77-27,188.

If the revised tax credits were fully utilized by approved projects, it is possible that up to \$1,500,000 in decreased General Fund revenue would occur annually. Because the revised limits would become active in calendar year 2016, it is estimated that the first year the revenue loss would occur is FY16-17.

Grant program and Livestock Growth Act Cash Fund – LB 175 would establish the Livestock Growth Act Cash Fund and permit the Department of Agriculture to award grants to assist counties that have been designated as a livestock friendly county. Grants could be awarded for strategic planning costs, or for improvements to public infrastructure. Costs for the grants would be paid from the Livestock Growth Act Cash Fund. As amended, LB 175 does not designate a funding source for the Livestock Growth Act Cash Fund. Absent a funding source, there would be no expenditures from the cash fund.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 175	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue			
REVIEWED BY: Cindy Miserez			DATE: 02/09/2015	PHONE: 402-471-4174	
COMMENTS: I concur with the Nebraska Department of Revenue's estimate of fiscal impact for LB175.					

State Agency Estimate							
State Agency Name: Department	of Revenue				Date Due LFA:	2/6/2015	
Approved by: Len Sloup		Date Prepared:	2/6/2015		Phone: 471-5896		
	FY 2015-2016		FY 2016-2017		FY 2017-2018		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ 0		(\$ 1,500,000)		(\$ 1,500,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		(\$ 1,500,000)		(\$ 1,500,000)	

- LB 175 increases funds available under the Nebraska Advantage Rural Development Act to \$1.0 million for Level 1 and Level 2 projects, and \$1.5 million for livestock modernization projects. The increase applies for applications filed on or after January 1, 2016. The funds are allocated separately between qualifying projects.
- LB 175 increases the amount of the credit available for qualifying livestock modernization projects from 10% of the investment up to \$30,000 to 10% of the investment up to \$50,000.
- LB 175 creates a grant program, administered by the Department of Agriculture, to facilitate livestock development projects in certain counties.

The estimated total reduction to General Fund revenues would be as follows:

FY 2015-2016	\$	0
FY 2016-2017	\$ 1,50	00,000
FY 2017-2018	\$ 1,50	00,000
FY 2018-2019	\$ 1,50	00,000

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

Major Objects of Expenditure							
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures
	Benefits						
Travel	Travel						
Capital Outlay	Capital Outlay						
Aid							
Capital Improvements.							
Total							