

Updated for the 2018 Legislative Session and includes any amendments adopted to-date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0	(\$28,000)	\$0	(\$57,000)
CASH FUNDS		(\$530)		(\$1,060)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	(\$28,530)	\$0	(\$58,060)

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

LB 291, as amended by AM350 and AM941, to create the Special Economic Impact Zone Act.

A qualified business locating in a Special Economic Impact Zone (SEIZ) would be exempt from Nebraska sales and use taxes for the first \$250,000 of purchases in a calendar year and would be allowed to exclude from taxable income that amount of income equal to the portion of its sales that are sold or delivered from within a SEIZ beginning with tax year 2018.

A qualified business is any corporation, partnership, limited liability company, sole proprietorship, or other business entity that is:

- Subject to income taxes or sales and use taxes under the Nebraska Revenue Act of 1967;
- Establishes a business location within a SEIZ;
- Derives no more than 5% of its income from the sale of agricultural grain which it or one of its subsidiaries actively produced;
- Does not engage in Class III gaming activity authorized by the federal Indian Gaming Regulatory Act.

LB 291 establishes the following areas in the state as SEIZs:

- Each Indian reservation in the state;
- For any Indian tribe without a reservation in Nebraska, the trust lands of that tribe that lies within a federally designated or established service area.

A qualified business receiving tax incentives under the Nebraska Advantage Act are also eligible to qualify for the tax incentives offered by LB 291.

The Department of Revenue estimates the following fiscal impact of LB 291:

Fiscal Year:	Income Tax: (General Fund)	Sales Tax: (General Fund)	Total: (General Fund)	State Highway Capital Improvement Fund: (Cash Fund)	Highway Allocation Fund: (Local)
2018-19:	(\$ 15,000)	(\$ 13,000)	(\$ 28,000)	(\$ 530)	(\$ 95)
2019-20:	(\$ 31,000)	(\$ 26,000)	(\$ 57,000)	(\$ 1,060)	(\$ 190)
2020-21:	(\$ 33,000)	(\$ 39,000)	(\$ 72,000)	(\$ 1,595)	(\$ 280)

If there were a revenue sharing agreement with a federally recognized Indian Tribe as a result of LB 291, such an agreement would reduce sales tax revenues collected by the state. The amount depends on the Tribe or Tribes involved and the time when the agreement becomes effective. Both are uncertain and no estimate has been made for this impact.

The Department of Revenue indicates a minimal cost to implement the provisions of LB 291.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

The bill, as amended, also amends the Nebraska Investment Finance Authority Act to require, for purposes of allocating federal low-income housing tax credits that a bonus be given to the highest-scoring application that involves a development located in a SEIZ. No more than one application per calendar year may be awarded credits as a result of the bonus provided by LB 291.

The Nebraska Investment Finance Authority (NIFA) originally indicate no fiscal impact to NIFA.

We have no basis to disagree with NIFA's estimate of fiscal impact.

The Nebraska Commission on Indian Affairs failed to respond to the original request.