

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$0		\$12,500,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$0		\$12,500,000

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

LB 467 amends Nebraska Revised Statutes, regarding the New Markets Job Growth Investment Act, the Nebraska Job Creation and Mainstreet Revitalization Act, and the Nebraska Advantage Act.

Section 77-1116 is amended to provide that no applications for designation of an equity investment or long-term debt security as eligible for tax credits under the New Markets Job Growth Investment Act shall be filed with the Tax Commissioner between July 1, 2017 and June 30, 2019.

Section 77-2905, regarding the Nebraska Job Creation and Mainstreet Revitalization Act, is amended to provide that no credits shall be allocated or applications approved or deemed approved for the period January 1, 2018 to December 31, 2019.

In addition, the bill provides that any credits that are unallocated in a calendar year, the amount of such credits shall expire instead of being carried forward to subsequent years.

The bill also provides that no request for final approval shall be approved or deemed approved between January 1, 2018 and December 31, 2019.

Section 77-5723, regarding the Nebraska Advantage Act, is amended to say that the Tax Commissioner shall not approve any applications between July 1, 2017 and June 30, 2019.

The bill contains the emergency clause.

The Department of Revenue estimates the following fiscal impact of LB 467 assuming that half the credits under the New Markets Job Growth Investment Act would be used by insurance companies to offset Insurance Premium taxes:

Fiscal Year:	New Markets Job Growth Investment Act:	General Fund Revenues:	Premium and Retaliatory Tax Suspende Fund:
2017-18:	\$ 0	\$ 0	\$ 0
2018-19:	\$ 0	\$ 0	\$ 0
2019-20:	\$ 11,000,000	\$ 8,250,000	\$ 2,750,000
2020-21:	\$ 12,500,000	\$ 9,375,000	\$ 3,125,000

With respect to the Nebraska Advantage Act, the assumption is that there would be an influx of applicants prior to the bill's deadline for application, whom would take longer to attain the applicable employment and investment levels and, therefore, no General Fund savings in this time period.

The Department of Revenue estimates the following fiscal impact as a result of the provisions of LB 467:

Fiscal Year:	New Markets Job Growth Investment Act:	Nebraska Job Creation and Mainstreet Revitalization Act:	Total Funds:
2017-18:	\$ 0	\$ 0	\$ 0
2018-19:	\$ 0	\$ 12,500,000	\$ 12,500,000
2019-20:	\$ 11,000,000	\$ 12,500,000	\$ 23,500,000
2020-21:	\$ 12,500,000	\$ 0	\$ 12,500,000

The Department of Revenue indicates minimal costs to implement the provisions of LB 467.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 467	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Lyn Heaton	DATE: 3/7/2017	PHONE: (402) 471-4181	
COMMENTS: No basis upon which to disagree with the Dept. of Economic Development's estimate of no operational fiscal impact on the Department.			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 3/13/2017			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared: 3/10/2017					
FY 2017-2018		FY 2018-2019		FY 2019-2020	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$0		\$12,500,000		\$20,750,000
Cash Funds					\$2,750,000
Federal Funds					
Other Funds					
Total Funds	\$0		\$12,500,000		\$23,500,000

LB 467 provides that, under the New Markets Job Growth Investment Act, no new applications shall be filed (a) during the period beginning 7/1/17 and ending 6/30/19, or (b) after 12/31/22.

LB 467 provides that, under the Nebraska Job Creation and Mainstreet Revitalization Act, no credits shall be allocated, or application approved, during the period beginning 1/1/18 and ending 12/31/19. If the amount of credits allocated in any calendar year is less than the limit, the unused amount shall expire rather than carry over to the next year. LB 467 also provides that no request for final approval shall be approved during the period beginning 1/1/18 and ending 12/31/19.

LB 467 provides that, under the Nebraska Advantage Act, no applications shall be approved for the period beginning 7/1/17 and ending 6/30/19. This change will not result in any fewer applications; rather, the Department would expect an influx in applications prior to the 7/1/17 date with attainment being achieved later.

LB 467 is estimated to result in an increase in revenues as follows:

	New Markets Job Growth Investment Act	Mainstreet Revitalization Act	Total Funds
FY 2017-2018	\$ -	\$ -	\$ -
FY 2018-2019	\$ -	\$ 12,500,000	\$ 12,500,000
FY 2019-2020	\$ 11,000,000	\$ 12,500,000	\$ 23,500,000
FY 2020-2021	\$ 12,500,000	\$ -	\$ 12,500,000

Assuming that half of the credits under the New Markets Job Growth Investment Act would be used by insurance companies to offset Insurance Premium taxes, the General Fund and Premium and Retaliatory Tax Suspense Fund impacts would be as follows:

	New Markets Job Growth Investment Act	General Fund Revenues	Premium and Retaliatory Tax Suspense Fund
FY 2017-2018	\$ -	\$ -	\$ -
FY 2018-2019	\$ -	\$ -	\$ -
FY 2019-2020	\$ 11,000,000	\$ 8,250,000	\$ 2,750,000
FY 2020-2021	\$ 12,500,000	\$ 9,375,000	\$ 3,125,000

With respect to the Nebraska Advantage Act, the Department of Revenue assumes that applicants would rush to submit applications prior to the deadline and take longer to attain the required employment and investment levels that are applicable. Therefore, there is no General Fund savings estimated for this part of LB 467.

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2017

LB⁽¹⁾ 467

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Dept. of Economic Development

Prepared by: ⁽³⁾ Courtney Dentlinger Date Prepared: ⁽⁴⁾ 1/24/2017 Phone: ⁽⁵⁾ 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</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:

LB 467 changes provisions relating to the New Markets Job Growth Investment Act, the Nebraska Job Creation and Mainstreet Revitalization Act, and the Nebraska Advantage Act.

First, the bill adds the provision that no new applications for tax credits will be accepted under the New Markets Job Growth Investment Act during the period beginning July 1, 2017 and ending June 30, 2019.

Second, the bill amends several provisions of the Nebraska Job Creation and Mainstreet Revitalization Act. The bill includes the provision that the application for tax credits and the allocation of tax credits will be suspended between January 1, 2018 and December 31, 2019. Also, for calendar year 2017 and all calendar years beginning on or after January 2020, the total amount of credits to be allocated is limited to \$15 million, of which \$4 million is reserved for applications seeking an allocation of credits of less than \$100,000. Unlike in the original provision, which reserved \$4 million for applications seeking less than \$100,000 in tax credits beginning in calendar year 2017 and beyond, the new provision would not reserve \$4 million for applications seeking less than \$100,000 in tax credits during calendar years 2018 and 2019. In addition, the bill will allow any unused tax credits less than \$15 million to expire rather than be carried forward. Credits that are reserved for applications seeking an allocation of credits of less than \$100,000 that are not allocated by April 1 will also expire and will not be available for applications. Finally, LB467 adds that no request for final approval or awarded credits will be given between January 1, 2018 and December 31, 2019.

Third, the bill changes the dates of approval of application for the Nebraska Advantage Act. During the period between July 1, 2017 and June 30, 2019, no applications will be approved.

There will be no impact on the Department of Economic Development's operations due to the provisions of LB 467.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____