PREPARED BY: DATE PREPARED: PHONE: Keisha Patent January 17, 2020 402-471-0059

LB 879

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	20-21	FY 2021-22				
	EXPENDITURES	REVENUE					
GENERAL FUNDS	\$100,000	\$100,000	\$2,000,000	\$800,000			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$100,000	\$100,000	\$2,000,000	\$800,000			

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

LB 879 amends the Nebraska Microenterprise Advantage Act. The bill:

- Changes the sunset date from December 31, 2022, to December 31, 2020;
- Reduces the adjusted limit for the program for calendar year 2020 to \$1.9 million plus the tentative tax credits no granted by the end of the preceding year;
- States intent to appropriate \$100,000 to the Department of Revenue in FY 20-21 to offset costs; and
- States intent to appropriate the \$2 million saved in FY 21-22 and each year thereafter to the Department of Economic Development for the Business Innovation Act.

The Nebraska Microenterprise Advantage Act is undersubscribed and approximately \$800,000 in tax credits are being utilized each year. The \$800,000 revenue loss is the current estimate in the General Fund revenue forecast of the Nebraska Economic Forecast Advisory Board. Elimination of the tax credit results in an \$800,000 increase in General Fund revenue, which represents the savings from the program.

The bill also states intent to appropriate \$100,000 to the Department of Revenue to offset its costs to administer the bill. However, the department estimates its costs to be minimal. As a result, we assume the \$100,000 will remain unused and lapse to the General Fund. The Department of Economic Development estimates \$100,000 in operating costs, as authorized by the bill, beginning in FY21-22, and the remaining \$1.9 million to be spent for aid as authorized under the Business Innovation Act.

LB 879 Fiscal Note 2020

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA: 01/17/20							
Approved by: Tony Fulton		Date Prepared:	01/16/2020		Phone: 471-5896		
	FY 2020-2021		FY 2021-2022		FY 2022-2023		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$100,000	\$2,000,000	\$1,200,000	\$2,000,000	\$1,200,000	
Cash Funds				\$2,000,000		\$2,000,000	
Federal Funds							
Other Funds							
Total Funds		\$100,000	\$2,000,000	\$3,200,000	\$2,000,000	\$3,200,000	

LB 879 sunsets the Nebraska Advantage Microenterprise Tax Credit Act in December 31, 2020. The bill reduces the allocation for applications submitted under the program in 2020 from \$2 million to \$1.9 million plus the unused amount rolled over, if any, from the preceding year.

The bill provides that the \$2 million saved from the elimination of the program will be allocated to the Department of Economic Development (DED) for the Business Innovation Act beginning in fiscal year 2021-22. However, the Microenterprise program is undersubscribed. The Department of Revenue (DOR) shows the General Fund increase from eliminating this program as \$1.2 million rather than \$2 million while the expenditures from the appropriation from the General Fund to the DED for the Business Innovation Act are \$2 million.

The \$100,000 saved due to the reduction in authorized tax credits in 2020 will be appropriated in FY 2020-21 to offset DOR implementation costs. There are minimal costs to the DOR to implement this bill, so this \$100,000 is represented as an increase to General Fund revenues.

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

Major Objects of Expenditure								
Class Code	Classification Title	20-21 <u>FTE</u>	21-22 <u>FTE</u>	22-23 <u>FTE</u>	20-21 Expenditures	21-22 Expenditures	22-23 Expenditures	
Benefits								
Operating Costs								
Capital Outlay.								
Capital Improvements								

Please complete A	<u>LL</u> (5) blaı	nks in the first three	e lines.			2020
LB ⁽¹⁾ 879					F	FISCAL NOTE
State Agency OR P	Political Su	bdivision Name: ⁽²⁾	Department of Eco	onomic Develop	ment	
Prepared by: (3)	Tony Go	oins	Date Prepared: (4)	1/16/2020	Phone: ⁽⁵⁾	402-471-3777
	ES	TIMATE PROVID	ED BY STATE AGEN	CY OR POLITICA	L SUBDIVISI	ON
			2020-21		FY 2021	-22
]	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDIT</u>	<u>rures</u>	<u>REVENUE</u>
GENERAL FUNI	DS	\$0		\$2,000,	000	
CASH FUNDS						
FEDERAL FUNI	OS			_		
OTHER FUNDS				_		
TOTAL FUNDS	=	\$0		\$2,000,	000	
Explanation of Est	timate:					
reduces the total \$100,000, from \$ appropriation to	l amount \$2,000,00 the Depa 2021-22.	of these tax cred 00 to \$1,900,000 artment of Econol The bill also allo	e Microenterprise Ta dits available distribut . The bill also contair mic Development by ws for up to 5% of th	tion by the Depart ns intent language \$2 million for the	tment of Reve to increase Business In	venue for 2020 by the General Fund novation Act,

BREAKDO	OWN BY MAJO	OR OBJECTS OF	F EXPENDITURE	
Personal Services:				
	NUMBER OF POSITIONS		2020-21	2021-22
POSITION TITLE	<u>20-21</u>	<u>21-22</u>	EXPENDITURES	EXPENDITURES
Benefits	••			
Operating	••			\$80,000
Travel				20,000
Capital outlay				
Aid				1,900,000
Capital improvements				
TOTAL				\$2,000,000