PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 02, 2015 402-471-0051

**LB 156** 

Revision: 00

## **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

| ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates) |              |               |                      |               |  |  |  |  |
|--|--------------|---------------|----------------------|---------------|--|--|--|--|
|  | FY 201       | FY 20         | 16-17                |               |  |  |  |  |
|  | EXPENDITURES | REVENUE       | EXPENDITURES REVENUE |               |  |  |  |  |
| GENERAL FUNDS  |              | (\$2,000,000) |                      | (\$2,000,000) |  |  |  |  |
| CASH FUNDS   |              |               |                      |               |  |  |  |  |
| FEDERAL FUNDS  |              |               |                      |               |  |  |  |  |
| OTHER FUNDS  |              |               |                      |               |  |  |  |  |
| TOTAL FUNDS  |              | (\$2,000,000) |                      | (\$2,000,000) |  |  |  |  |

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

LB 156 amends the Angel Investment Tax Credit Act, Section 77-6306.

The bill increases the annual maximum available amount of the tax credit for a calendar year from \$3,000,000 to \$5,000,000.

Because the bill would become operative in 2015, the additional \$2,000,000 could be allocated yet this year.

The Department of Revenue estimates the following fiscal impact to the General Fund:

FY2015-16: (\$2,000,000) FY2016-17: (\$2,000,000) FY2017-18: (\$2,000,000) FY2018-19: (\$2,000,000)

The Department indicates the cost to implement the provisions of LB 156 will be minimal.

We agree with the Department's estimate of fiscal impact and cost.

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
| LB: 156 AM: AGENCY/POLT. SUB: Dept. of Economic Development                            |  |  |  |  |  |  |  |
| REVIEWED BY  | REVIEWED BY: Lyn Heaton DATE: 2/2/2015 PHONE: 471-4181 |  |  |  |  |  |  |
| COMMENTS: The Department's analysis appears reasonable.                                |  |  |  |  |  |  |  |

| State Agency Estimate   |              |                |              |               |                 |               |  |  |  |
|---|--------------|----------------|--------------|---------------|-----------------|---------------|--|--|--|
| State Agency Name: Department of Revenue Date Due LFA: 2/3/2015 |              |                |              |               |                 |               |  |  |  |
| Approved by: Len Sloup  |              | Date Prepared: | 2/3/2015     |               | Phone: 471-5896 |               |  |  |  |
| FY 2015-2016 FY 2016-2017 FY 2017-2018                          |              |                |              |               |                 |               |  |  |  |
|   | Expenditures | Revenue        | Expenditures | Revenue       | Expenditures    | Revenue       |  |  |  |
| General Funds   |              | (\$2,000,000)  |              | (\$2,000,000) |                 | (\$2,000,000) |  |  |  |
| Cash Funds  |              |                |              |               |                 |               |  |  |  |
| Federal Funds   |              |                |              |               |                 |               |  |  |  |
| Other Funds   |              |                |              |               |                 |               |  |  |  |
| Total Funds   |              | (\$2,000,000)  |              | (\$2,000,000) |                 | (\$2,000,000) |  |  |  |
|   |              |                |              |               |                 |               |  |  |  |

LB 156 increases the maximum yearly amount of Angel Investment Tax Credits that can be allocated by the Department of Economic Development from \$3 million to \$5 million.

The estimated Reduction to the General Fund revenues would be as follow:

FY 2015-16: \$2,000,000 FY 2016-17: \$2,000,000 FY 2017-18: \$2,000,000 FY 2018-19: \$2,000,000

The Department's costs to implement LB 156 are expected to be minimal.

| Major Objects of Expenditure |   |                     |                     |                     |                       |                       |                       |  |
|------------------------------|---|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|--|
| Class Code                   | Classification Title  | 15-16<br><u>FTE</u> | 16-17<br><u>FTE</u> | 17-18<br><u>FTE</u> | 15-16<br>Expenditures | 16-17<br>Expenditures | 17-18<br>Expenditures |  |
|                              |   |                     |                     |                     |                       |                       |                       |  |
|                              |   |                     |                     |                     |                       |                       |                       |  |
| D                            |   |                     |                     |                     |                       |                       |                       |  |
|                              | Benefits.  Operating Costs.  —————————————————————————————————— |                     |                     |                     |                       |                       |                       |  |
| Travel                       |   |                     |                     |                     |                       |                       |                       |  |
| Capital Outlay               |   |                     |                     |                     |                       |                       |                       |  |
| Capital Improvements.        |   |                     |                     |                     |                       |                       |                       |  |
|                              |   |                     |                     |                     |                       |                       |                       |  |

LB 156 Fiscal Note 2015

| State Agency Estimate   |                     |               |                     |               |                     |               |  |  |  |
|---|---------------------|---------------|---------------------|---------------|---------------------|---------------|--|--|--|
| State Agency Name: Dept. of Economic Development  Date Due LFA1/20/2015 |                     |               |                     |               |                     |               |  |  |  |
| Approved by: Dacia Kruse Date Prepared: 1/15/2015 Phone: 402-471-3777   |                     |               |                     |               |                     |               |  |  |  |
|   | FY 2014             | <u>1-2015</u> | FY 2015             | <u>-2016</u>  | FY 2016             | <u>-2017</u>  |  |  |  |
|   | <b>Expenditures</b> | Revenue       | <b>Expenditures</b> | Revenue       | <b>Expenditures</b> | Revenue       |  |  |  |
| General Funds   |                     |               | (Minimal)           | (\$2,000,000) | (Minimal            | (\$2,000,000) |  |  |  |
| Cash Funds  |                     |               |                     |               |                     |               |  |  |  |
| Federal Funds   |                     |               |                     |               |                     |               |  |  |  |
| Other Funds   |                     |               |                     |               |                     |               |  |  |  |
| Total Funds   |                     |               | (Minimal)           | (\$2,000,000) | (Minimal)           | (\$2,000,000) |  |  |  |
|   |                     |               |                     |               |                     |               |  |  |  |

LB 156 increases the amount of tax credits that the Department of Economic Development is allowed to allocate under the Angel Investment Tax Credit Act to \$5 million (from \$3 million) per calendar year. The operative date for this bill is assumed to be 90 days following the end of the session, which implies that the increased tax credit would be available in tax year 2015.

Because the credit is refundable, and demand for the program has resulted in more credits than currently available, it is estimated that the impact of LB 156 would be to decrease General Fund revenue by the entire amount of the increased credit allocation, or \$2 million per year. The use of these credits appears to be sufficient to fill the increased subscription between an October operative date and December 31, 2015.

Costs for the Department of Economic Development to implement LB 156 would be minimal.

| Major Objects of Expenditure |                      |                     |                     |                     |                       |                       |                       |  |  |  |
|------------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|--|--|--|
| Class Code                   | Classification Title | 14-15<br><u>FTE</u> | 15-16<br><u>FTE</u> | 16-17<br><u>FTE</u> | 14-15<br>Expenditures | 15-16<br>Expenditures | 16-17<br>Expenditures |  |  |  |
|                              |                      |                     |                     |                     |                       |                       |                       |  |  |  |
|                              |                      |                     |                     |                     |                       |                       |                       |  |  |  |
|                              |                      |                     |                     |                     |                       |                       |                       |  |  |  |
|                              |                      |                     |                     |                     |                       |                       |                       |  |  |  |
| Benefits                     |                      |                     |                     |                     |                       |                       |                       |  |  |  |
| Operating Costs              |                      |                     |                     |                     |                       |                       |                       |  |  |  |
| Travel                       |                      |                     |                     |                     |                       |                       |                       |  |  |  |
| Capital Outlay               |                      |                     |                     |                     |                       |                       |                       |  |  |  |
| Aid                          |                      |                     |                     |                     |                       |                       |                       |  |  |  |
|                              | nts                  |                     |                     |                     |                       |                       |                       |  |  |  |
| Total                        |                      |                     |                     |                     |                       |                       |                       |  |  |  |