PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza February 22, 2021 (402)471-0050

LB 457

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2021-22		FY 2022-23			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		(\$5,530,000)		(\$11,804,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$5,530,000)		(\$11,804,000)		

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

LB 457 seeks to create a new procedure for the delaying of tax incentive refund deductions for cities of the metropolitan or the primary class. This relates specifically to the tax incentive refunds claimed under the Employment and Investment Growth Act and the Nebraska Advantage Act.

LB 457 requires the Department of Revenue to notify municipalities owing more than \$1500 by March 1 of each year to establish the refund amount for the following calendar year. If the refund amount exceeds \$1 million, the Department is to deduct the refund in equal monthly installments over the next calendar year.

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

- FY21-22: (\$5,530,000)
- FY22-23: (\$11,084,000)
- FY23-24 (\$5,129,000)
- FY24-25 (\$1,522,000)

There is no basis to disagree with these estimates.

The Department does not foresee any cost to implement LB 457. There is no basis to disagree with this estimate.

There is not likely to be an impact to cities as a result of LB 457. The City of Lincoln and the City of Imperial estimate no fiscal impact from LB 457. There is no basis to disagree with these estimates.

ADMINIS	STRATIVE SERVI	CES STATE BUDGET DIVISION: REVIEW OF AGEI	NCY & POLT. SUB. RESPONSE		
LB: 457	AM:	AGENCY/POLT. SUB: City of Imperial			
REVIEWED BY:	Lee Will	DATE: 02/18/2021	PHONE: (402) 471-4175		
COMMENTS: Concur with the City of Imperial's assessment of no fiscal impact.					

State Agency Estimate						
State Agency Name: Department of	f Revenue				Date Due LFA:	
Approved by: Tony Fulton		Date Prepared:	2/19/2021		Phone: 471-5896	
FY 2021-2022		FY 202	22-2023	FY 2023	3-2024	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		(\$5,530,000)		(\$11,804,000)		(\$5,129,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		(\$5,530,000)		(\$11,804,000)		(\$5,129,000)

LB 457 amends Neb. Rev. Stat. § 77-27,144(2) to add a new procedure under § 77-27,144(3) for delaying the deduction of tax incentive refunds under the Employment and Investment Growth Act and the Nebraska Advantage Act, which applies to total annual refunds exceeding \$ 1 million owed by a city of the metropolitan or primary class. Beginning in 2022, LB 457 requires the Department of Revenue to notify by March 1 each municipality that is liable for a tax incentive refund exceeding \$1,500 of the pending refund and the claimed refund amount. The notification will be used to establish the refund amount for the following calendar year, and must include any excess or underpayment from the prior calendar year. The Department will then deduct the refund over a period of one year in equal monthly amounts beginning in January after the notification. This establishes a procedure similar to the deductions of refunds for tax incentive refunds under the ImagiNE Act in Neb. Rev. Stat. § 77-27,144.

In addition, Neb. Rev. Stat. § 77-2708(3) is amended to provide that its statutory procedure for deducting certain tax refunds from the tax proceeds of a municipality does not apply to refunds subject to Neb. Rev. Stat. § 77-27,144(2) or (3), as amended by LB 457.

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

FY 2021-22	(\$ 5,530,000)
FY 2022-23	(\$ 11,084,000)
FY 2023-24	(\$ 5,129,000)
FY 2024-25	(\$ 1,522,000)

It is estimated that there would be minimal costs to implement the bill.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure							
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures
D 6:							
Benefits							
Capital Outlay							
Total							

LB ⁽¹⁾ 457			FISCAL NOTE
State Agency OR Political Subdivision Name:	City of Imperial		
Prepared by: (3) Jo Leyland	Date Prepared: (4)	/19/21 Phone: (5	308-882-4368
ESTIMATE PRO	OVIDED BY STATE AGENCY	OR POLITICAL SUBDIVI	SION
<u>EXPENDITUR</u>	FY 2021-22 RES REVENUE	<u>FY 202</u> EXPENDITURES	2-23 <u>REVENUE</u>
GENERAL FUNDS			
CASH FUNDS			
FEDERAL FUNDS			
OTHER FUNDS		·	
TOTAL FUNDS		· ·	
TOTAL FUNDS			•
Explanation of Estimate:			
No Fiscal Impact			
		•	
		•	
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Personal Services: BREAKD	OWN BY MAJOR OBJECTS O	OF EXPENDITURE	
	NUMBER OF POSITIONS	2021-22	2022-23
POSITION TITLE	<u>21-22</u> <u>22-23</u>	EXPENDITURES	EXPENDITURES
			
Benefits		<u> </u>	
Operating			·
Travel			
Capital outlay			
Aid			·
Capital improvements			

LB ⁽¹⁾ 457			FISCAL NOTE
State Agency OR Political Subdivision Name:	City of Lincoln		
Prepared by: (3) James Van Bruggen	Date Prepared: (4)	1/25/21 Phone:	(5) 402-441-8301
ESTIMATE PRO	VIDED BY STATE AGENO	CY OR POLITICAL SUBDIVIS	SION
	FY 2021-22	FY 20	<u> 22-23</u>
EXPENDITUR	RES REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	<u> </u>		
CASH FUNDS			
FEDERAL FUNDS			
OTHER FUNDS			
TOTAL FUNDS			
Explanation of Estimate:			
No Fiscal Impact			
No i iscai impact			
Personal Services:	OWN BY MAJOR OBJECT	<u> TS OF EXPENDITURE</u>	
r ersonar services:	NUMBER OF POSITION	S 2021-22	2022-23
POSITION TITLE	<u>21-22</u> <u>22-23</u>	EXPENDITURES	EXPENDITURES
Benefits			
Operating			
Travel			
Capital outlay			
Aid			
Capital improvements			
TOTAL			