

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 800 would amend sections of law governing the establishment of enterprise zones. The Department of Economic Development (DED) would be directed to adopt rules and regulations within 6 months after the effective date of the act, to then accept formal applications for enterprise zone designations for a period of 180 days, and to make designations within 60 days after the close of the application period.

DED notes that staff time would be required to develop rules and regulations, evaluate the enterprise zone applications and to coordinate functions relating to approved enterprise zones. It is estimated that the six-month requirement for the development of rules and regulations, the 180 day application period and the 60 day review period would be sufficient to allow existing agency staff to carry out the functions. DED and the Department of Labor both note a \$5,000 cost for DED to contract with the Department of Labor to gather employment and income data within the proposed enterprise zones. The procurement of this data by DED in order to evaluate applications is not specifically required in LB 800, and existing law (Section 13-2104) requires applicants to provide “documentation that the area of the proposed enterprise zone represents the area with the greatest level of economic distress within the boundaries of the applying political subdivision.” It is estimated that program rules and regulations could also stipulate the type of information and information sources that must be provided by political subdivisions in order to allow DED to sufficiently analyze applications.

LB 800 provides that DED may designate five areas as enterprise zones, with no more than one zone in a city of the metropolitan class and no more than one zone in a city of the primary class. Enterprise zone designations would continue for ten years, and projects from enterprise zones would receive preference for funding from the Affordable Housing Trust Fund, the Nebraska Advantage Microenterprise Tax Credit Act, the Job Training Cash Fund, the Site and Building Development Fund and the Business Innovation Act. It is estimated that existing staff would be used to modify application evaluation guidelines to include proposals made by entities located in enterprise zones. Changing the priority ranking systems to include enterprise zone projects would not impact overall expenditures from the above grant or tax credit programs.

Existing law requires that the Governor provide a state government interagency response team to work with local governments and enterprise zone associations on effective ways to use new and existing resources to improve development capacity in enterprise zones. It is estimated that existing agency staff from various state agencies would serve in this function.

Political subdivisions submitting applications for enterprise zone designation would incur some costs to develop applications and gather supporting data to support the applications. It is estimated that employees of the political subdivision would also spend time monitoring and participating in enterprise zone board meetings.

LB800
DAS ANALYST COMMENTS

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 800	AM:	AGENCY/POLT. SUB: Dept. of Labor	
REVIEWED BY: Gary Bush		DATE: January 27, 2014	PHONE: 471-4161
COMMENTS: No basis to disagree with the agency's estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 800	AM:	AGENCY/POLT. SUB: Dept. of Economic Development	
REVIEWED BY: Gary Bush		DATE: January 24, 2014	PHONE: 471-4161
COMMENTS: The agency's estimate of costs to implement the bill appears to be reasonable.			

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2014

LB⁽¹⁾ 800

FISCAL
NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ Debbie Kay Ward Date Prepared: ⁽⁴⁾ 01/23/2014 Phone: ⁽⁵⁾ 402-471-2492

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$5,000	\$5,000		
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$5,000	\$5,000		

The Enterprise Zone Act exists in Nebraska Revised Statutes §§13-2101-13-2112. LB 800 would require the Department of Economic Development to promulgate rules and regulations to carry out the Act (as it would be amended through LB 800) within 6 months from the operative date of LB 800. After promulgation of the rules and regulations, the Department would initiate an application process to accept applications from eligible political subdivisions desiring to have an area designated as an enterprise zone. Applications must include the information specified in Neb. Rev. Stat. §13-2104. The Department would accept applications for a period of 180 days, and within 60 days following the end of the 180 days, designate up to 5 enterprise zones using the criteria established in Neb. Rev. Stat. §13-2102. This includes ensuring that the area meets two of the three criteria noted in §13-2102, based upon data from the U.S. Bureau of Census (federal decennial census). The designation as an enterprise zone will continue for a period of ten years from the date of the designation. No more than one enterprise zone would be designated in the boundaries of a city of the metropolitan class, and no more than one inside a city of the primary class. The Department would give preference for funding from the Nebraska Affordable Housing Trust Fund, the Job Training Program, the Intern Nebraska Program, the Site and Building Fund, and the Business Innovation Act to projects or entities (as applicable) located within enterprise zones.

Under LB 800, the Department of Revenue would have to give preference to applications under the Nebraska Advantage Microenterprise Tax Credit Act to microbusinesses that have a majority of their assets in an enterprise zone.

Political subdivisions applying for an enterprise zone designation would have to create an enterprise zone association with a board consisting of 7 members, and provide appropriate staff assistance and support to the association. In addition, the Governor would be required to provide a state government interagency response team to work with local governments and enterprise zone associations on effective ways to use new and existing resources to accomplish the purposes of the Act.

LB 800 requires the Department of Economic Development to contract with NDOL to obtain employment and income data within proposed enterprise zones. Based on discussions with the Department of Economic Development, this data is expected to cost \$5,000 for the initial applications.

Labor Market Information has no state funds to do this work, so state funds are needed. There are no Federal funds to do this study, therefore general funds are needed.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2014-15	2015-16
	14-15	15-16	EXPENDITURES	EXPENDITURES
Research Analyst II	.06		\$2,935	
Benefits.....			1,095	
Operating.....			970	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$5,000	

