

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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 1021 amends provisions of the Community Development Law to allow expedited review for certain redevelopment plans. Redevelopment plans are eligible for expedited review if:

- The plan includes one redevelopment project;
- The projects involves the repair, rehabilitation, or replacement of an existing structure located within a substandard and blighted area;
- The project is in a county with population less than 100,000 inhabitants or in an extremely blighted area;
- The existing structure is at least 50 years old; and
- The redevelopment project is a single-family residential structure no more than \$250,000, a multi-family or commercial structure no more than \$1,000,000, or a revitalization of a structure in the National Register of Historical Places no more than \$10,000,000.

Eligible redevelopment plans are exempt from certain plan and notice requirements in Neb. Rev. Stat. secs. 18-2111 to 18-2116. The redevelopment plan must be prepared using a standard form developed by the Department of Economic Development (DED). The form must include certain information. The plan must be submitted to the governing body, along with necessary permits and fees, for approval.

If an approved project is financed through the division of taxes, the portion of taxes must not be disbursed until the county assessor determines the project is complete. Projects must be completed within 2 years of receiving approval. The county assessor must certify certain information regarding the project. Each city with approved plans must provide a report to the Property Tax Administrator with certain information.

For expedited redevelopment plans, ad valorem taxes must be divided for a period not to exceed 10 years after the effective date identified in the contract or resolution. For all other plans, the time period shall not exceed 15 years.

This bill is not estimated to have a fiscal impact to the state. DED estimates the creation of the form required by LB 1021 can be accomplished with current agency staff and resources. The Department of Revenue estimates no impact to the General Fund and no cost to implement the bill.

Any fiscal impact to political subdivisions would vary based on the decision making by the local governing body. The City of Lincoln estimates no fiscal impact.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1021	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 2/4/2020	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 1021 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1021	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 2/12/2020	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of no fiscal impact from LB 1021 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 1021</b>	<b>AM:</b>	<b>AGENCY/POLT. SUB: City of Lincoln</b>
REVIEWED BY: Joe Wilcox	DATE: 1/22/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Lincoln estimate of No Fiscal Impact to the City from LB 1021.		

**State Agency Estimate**

State Agency Name: Department of Revenue				Date Due LFA:			
Approved by: Tony Fulton				Date Prepared:			
				Phone: 471-5896			
	<b>FY 2020-2021</b>		<b>FY 2021-2022</b>		<b>FY 2022-2023</b>		
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	_____	_____	_____	_____	_____	_____	
Cash Funds	_____	_____	_____	_____	_____	_____	
Federal Funds	_____	_____	_____	_____	_____	_____	
Other Funds	_____	_____	_____	_____	_____	_____	
Total Funds	_____	_____	_____	_____	_____	_____	

LB 1021 amends and harmonizes the Community Development Laws to provide for an expedited review and approval of certain redevelopment plans and exempting such plans from Neb. Rev. Stat. §§ 18-2111 through 18-2116. A qualifying redevelopment plan eligible for expedited review must include only one redevelopment project that:

1. Involves the repair, rehabilitation, or replacement of an existing structure located within a substandard and blighted area;
2. Is located (i) in a county with a population of less than 100,000 ; or (ii) in an area declared an extremely blighted area;
3. The existing structure is at least 50 years old; and
4. The redevelopment project dollar amount is (i) \$250,000 or less for a single-family residential structure; (ii) \$1 million or less for a multi-family residential structure or commercial structure; or (iii) \$10 million or less for the revitalization of a structure included in the National Register of Historic Places.

The expedited review is to consist of the following steps:

1. A redeveloper is to prepare the redevelopment plan using a form developed by the Department of Economic Development. The form is to include (i) the existing uses and condition of the property within the redevelopment project area, (ii) the proposed uses of the property within the redevelopment project area, (iii) the current age of the existing structure, (iv) the current assessed value of the property within the redevelopment project area, (v) the increase in the assessed value of the property within the redevelopment project area that is estimated to occur as a result of the redevelopment project, and (vi) an indication of whether the redevelopment project will be financed in whole or in part through the division of taxes;
2. The redeveloper is to submit the redevelopment plan to the governing body along with any building permit necessary to complete the redevelopment project and an application fee in an amount set by the governing body, not to exceed \$50; and
3. The governing body will then approve the redevelopment plan.

If an approved redevelopment project is financed in whole or in part through the division of taxes, the portion of taxes is not to be disbursed until the county assessor determines that the redevelopment project is complete. Projects must be completed within two years after receiving approval. If a county assessor determines that a project is complete, he or she shall certify:

1. That improvements have been made and completed;
2. That a valuation increase has occurred;
3. The amount of the valuation increase; and
4. That the valuation increase was due to the improvements made.

Once the county assessor has certified that the redevelopment project is complete, the portion of the taxes shall be paid directly to the property owner by the governing body.

LB 1021 requires cities that have expedited and approved a redevelopment plan to, on or before December 1 each year, submit an annual report to the Property Tax Administrator that includes (i) the total number of redevelopment projects approved that year, (ii) the total redevelopment project valuation for all such projects, and the total amount of property taxes collected on that valuation, and (iii) the total number of completed redevelopment projects for which payments have been made for use to pay for indebtedness.

Redevelopment project dollar amount means the estimated assessed value for the redevelopment project upon completion of the project minus the assessed value for the redevelopment project prior to commencement of the project.

It is estimated that this bill will have no impact on the General Fund.

It is estimated that there will be no cost to the Department to implement this bill.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>20-21</u> <u>FTE</u>	<u>21-22</u> <u>FTE</u>	<u>22-23</u> <u>FTE</u>	<u>20-21</u> <u>Expenditures</u>	<u>21-22</u> <u>Expenditures</u>	<u>22-23</u> <u>Expenditures</u>
A29621	Revenue Tax Specialist						
<b>Total</b>							

Please complete ALL (5) blanks in the first three lines.

**2020**

**LB<sup>(1)</sup> 1021**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Economic Development

Prepared by: <sup>(3)</sup> Tony Goins Date Prepared: <sup>(4)</sup> 1/24/2020 Phone: <sup>(5)</sup> 402-471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	=====	=====	=====	=====

**Explanation of Estimate:**

LB1021 amends the Community Development Law to allow for an expedited review of small redevelopment plans. An expedited review exempts a project from the review described in Sections 18-2111 through 18-2115. In order for a project to be eligible for an expedited review, it must meet the following conditions: (1) the plan must include only one project; (2) it must involve the repair, rehabilitation or replacement of an existing structure more than 50 years old and be located in an substandard and blighted area; (4) it must be located in a county of less than 100,000 population, or be in an extremely blighted area; and the project cost be no more than \$250,000 for a single-family residential structure, \$1 million for a multifamily or commercial structure, or \$10 million if the structure is on the National Register of Historic Places.

If a project is eligible and approved for an expedited review, the division of the property tax may last for a maximum of 10 years, rather than 15 years for other redevelopment projects.

DED is responsible for creating the application form for expedited projects, but appears to have no additional responsibilities under LB1021. The provisions of the bill that pertain to DED operations can be accomplished within current departmental resources and staff.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

**2020**

**LB<sup>(1)</sup> 1021** \_\_\_\_\_

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Lincoln \_\_\_\_\_

Prepared by: <sup>(3)</sup> James Van Bruggen Date Prepared: <sup>(4)</sup> 1/22/20 Phone: <sup>(5)</sup> 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____