

Revised due to adoption of amendments on General File

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	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 1021 amends provisions of the Community Development Law to allow expedited review for certain redevelopment plans. Cities can allow for expedited review by resolution. As amended by AM2988, 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;
- The existing structure is at least 60 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 Revenue. 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, and cities with multiple expedited plans can file one report.

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 previously estimated 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 estimates the additional responsibilities to implement the bill can be accomplished with current agency staff and resources.

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

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.			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA:			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared:					
<u>FY 2020-2021</u>		<u>FY 2021-2022</u>		<u>FY 2022-2023</u>	
<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					

LB1021 AM2988 strikes the original language in LB 1021 then amends and harmonizes the Community Development Laws to allow the governing body of a city to elect by resolution 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 in a county with a population of less than 100,000;
3. The existing structure is at least 60 years old; and
4. The assessed value of the property within the redevelopment project area when the project is complete is estimated to be no more than (i) \$250,000 for a single-family residential structure; (ii) \$1 million for a multi-family residential structure or commercial structure; or (iii) \$10 million 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, separate from any fees for building permits or other permits needed for the project, 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 authority is to incur the indebtedness in the form of a promissory note issued to the owner of record of the property on which the redevelopment project is located. The total indebtedness cannot exceed the total amount that is estimated to be generated over a ten-year period from the portion of taxes in excess of those collected on the base value.

Redevelopment projects must be completed within two years after the approval of the redevelopment plan. When the redevelopment has been completed, the redeveloper is to notify the county assessor. The County assessor must then determine:

1. Whether the redevelopment project is complete; and
2. The assessed value of the property within the redevelopment project area.

Once the county assessor has made these determinations, they are to certify to the authority, using a standard certification form that is to be developed by the Department of Revenue, that:

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

Once this certification is completed, the authority may begin to use the excess tax to pay the indebtedness incurred under the act.

LB1021 AM2988 provides that cities that have expedited and approved a redevelopment plan to, on or before December 1 each year, must submit an annual report to the Property Tax Administrator under Neb. Rev. Stat. § 18-2117.01 but may file a single report including all redevelopment plans under the act.

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

Enactment requires two months of programming in-house at the IT Application Developer/Senior level and efforts of a Tax Specialist to gather and process an undeterminable amount of TIF project information, and create a Form. These costs can be absorbed with existing DOR staff therefore it is estimated that there will be no substantial cost to the Department to implement this bill.

Major Objects of Expenditure

Class Code	Classification Title	20-21	21-22	22-23	20-21	21-22	22-23
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....						

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

2020

LB⁽¹⁾ 1021

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Economic Development

Prepared by: ⁽³⁾ Tony Goins Date Prepared: ⁽⁴⁾ 1/24/2020 Phone: ⁽⁵⁾ 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	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2020 FISCAL
NOTE**

LB 1021 AM2988 _____

State Agency OR Political Subdivision Name: **CITY OF FREMONT**

Prepared by: ⁽³⁾ Brian Newton
⁽⁴⁾

Date Prepared:
8/4/20

Phone: ⁽⁵⁾ 402-727-2610

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 _____	_____	_____	_____	_____
TOTAL FUNDS _____	_____	_____	_____	_____

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

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