

One Hundred Sixth Legislature - Second Session - 2020

Introducer's Statement of Intent

LB1021

Chairperson: Senator Justin Wayne

Committee: Urban Affairs

Date of Hearing: February 18, 2020

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Under current statute, redevelopment projects for which developers seek to use tax-increment financing (TIF) must undergo an extensive and costly approval process. This creates an unnecessary financial barrier for many developers intending to complete smaller, lower-cost projects. In an effort to streamline the process for such projects, LB1021 provides for expedited review of projects to repair, rehabilitate, or replace an existing structure within a substandard or blighted area. The bill exempts projects eligible for expedited review from Neb. Rev. Stat. §§ 18-2111 to 18-2115 and 18-2116.

Project Eligibility

LB1021 establishes the following requirements a project must satisfy in order to qualify for an expedited review:

-The project must be located in:

- A county with less than 150,000 inhabitants; or
- An area that has been declared extremely blighted.

-The existing structure to be repaired, rehabilitated, or replaced must be at least 50 years old.

-The project dollar amount may not exceed:

- \$250,000 for a single-family residential structure
- \$1,000,000 for a multi-family or commercial structure
- \$10,000,000 for a project involving the revitalization of a structure included in the National Register of Historic Places

Expedited Review Process

LB1021 directs the Department of Economic Development to create a standard application form to be prepared by an applicant of a qualifying project. This form is submitted in lieu of the typical redevelopment plan, and must be submitted directly to the governing body of the municipality in which the qualifying project is located.

Additionally, LB1021 requires redevelopers to obtain the necessary building permits prior to submitting their application. Under the bill, communities may choose to levy an application fee of up to \$50. If the standard form, necessary permits, and any required fee are properly submitted for a project which satisfies the requirements set forth by LB1021, the governing body must approve the project.

TIF

The intent of LB1021 is that if a plan qualifies for expedited review, the project will then qualify for the use of TIF, subject to specified parameters. For these projects, ad valorem taxes shall be divided for a period not to exceed ten years after the identified effective date. Current law provides for the division of taxes for up to fifteen years.

LB1021 also requires projects to be completed within two years of receiving approval to be eligible for TIF. A project is considered complete after certification by the county assessor. Upon certification, payments will issue directly to the property owner from the governing body.

Reporting Requirements

With respect to projects approved under the expedited review process, LB1021 also details what information cities must provide in their annual report to the Property Tax Administrator.

Principal Introducer: _____

Senator Mike Groene