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PREPARED BY: Jeanne Glenn
DATE PREPARED: February 21, 2012
PHONE: 471-0056

LB 1138

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1138 would expand the definition of community betterment organizations under Community Development Assistance Act to include organizations that receive assistance under the Nebraska Affordable Housing Act, and would allow equity investments in affordable housing projects to be eligible for tax credits under the act. For the purpose of the Community Development Assistance Act, affordable housing projects would be required to maintain a minimum 15 year affordability period. LB 1138 would also require that the Department of Economic Development (DED) allocate at least 25% of all tax credits under the Community Development Assistance Act to each congressional district.

It is estimated that there would be some staff time expended for DED to modify program rules and regulations and program application guidelines and forms to reflect the inclusion of affordable housing projects under the act. There would also be some staff time required to track the location of project applications by congressional district in order to meet the required allocation formula. It is estimated that these activities could be carried out using existing staff resources.

The DED estimate includes \$38,879 General Funds to hire a .50 FTE staff position to analyze housing project applications for occupant eligibility and to review the property where the project would be located for restrictive deeds or covenants that might interfere with the 15 year minimum affordability period. The staff position would also be used to monitor projects for compliance and to enforce clawback provisions if the minimum affordability period is not maintained.

The DED estimate assumes that a number of housing projects would be approved under the Community Development Assistance Act that that the agency would actively evaluate compliance criteria. Because it is not known how many affordable housing organizations would apply for eligibility under the Community Development Assistance Act, the need for increased staffing cannot be quantified at this time.

The expansion of the types of projects eligible under the act would have no additional fiscal impact, as the cap on the program has not been increased.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	1/30/12	PHONE 471-2526
COMMENTS			
ECONOMIC DEVELOPMENT – Agency’s estimate appears to be reasonable.			

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 LEGISLATIVE FISCAL

2012

LB⁽¹⁾ 1138 FISCAL NOTE

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

Prepared by: ⁽³⁾ Gary Hamer Date Prepared: ⁽⁴⁾ 1/30/12 Phone: ⁽⁵⁾ 1-4388

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>32,879</u>	<u> </u>	<u>33,079</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>32,879</u>	<u> </u>	<u>33,079</u>	<u> </u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The revisions to add affordable housing equity investments and a tax credit distribution by congressional district will require significant program design changes, including rules and regulations in FY12-13. After these are implemented, there will annually be additional administration expenses (in this case the basis for FY 13-14 estimates) to qualify and review housing equity investments as eligible uses and determine and ensure that the housing unit associated with the equity investment is affordable housing as defined in the Affordable Housing Act. These responsibilities will include (1) determining that the occupant of the housing is low-income, (2) ensuring that there are restrictive deeds, covenants running with the land, or other appropriate legal instruments filed to maintain the required affordability period, (3) periodically monitoring the project for continued compliance. If the 15-year affordability period is not maintained, the department will need to enforce clawback provisions for the tax credits with the affordable housing equity investor. The cost for program redesign and enforcement of affordable housing equity credit restrictions is estimated to take approximately 0.5 FTE additional personal services for the department based on experience with the Affordable Housing Trust Fund.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Economic Development Consultant	<u>.5</u>	<u>.5</u>	<u>19,245</u>	<u>19,245</u>
Benefits.....			<u>13,634</u>	<u>13,634</u>
Operating.....				
Travel.....			<u>0</u>	<u>200</u>
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>32,879</u>	<u>33,079</u>