

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB481:

- Creates the Housing Incentive District Act;
- Sets definitions;
- Creates authority to establish Housing Incentive Districts (HIDs) within municipalities;
- Establishes duties of the Department of Economic Development in reviewing and approving HIDs;
- Creates requirements planning requirements for municipalities prior to establishing HIDs and the input process for developing said plans;
- Allows for cities or counties that have established HIDs to issue special obligation bonds to finance the implementation of the plan and defines sources of the bonds;
- Defines the eligible use of proceeds for special obligation bonds;
- Defines how property is to be assessed within HIDs;
- Creates reporting requirements for the boundaries of HIDs;
- Establishes a grant program with the Nebraska Investment Finance Authority (NIFA); and
- Creates intent to appropriate two million dollars in General funds to NIFA.

The Housing Incentive District Act creates new authorities for municipalities, any costs would be dependent upon actions taken by political subdivisions. We have no basis to disagree with DED's estimate of .5 FTE to help administer the duties of this program. NIFA has submitted an estimate of \$117,325 over the course of the biennium in costs of which our office has no basis to disagree with.

There could be some costs to counties to conduct the housing needs analysis but costs would vary by county. There could also be some change to tax revenue available to political subdivisions within an HID due to changes in valuation.

Technical note: NIFA is not a state agency, and as such cannot receive appropriations.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 481. It is not clear whether the \$2 million grant program would be appropriated through the Department of Economic Development. The Nebraska Investment Finance Authority does not receive state appropriation.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 481 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Douglas County
REVIEWED BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Douglas County assessment of indeterminate impact from LB 481.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Lancaster County
REVIEWED BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Lancaster County assessment of indeterminate impact from LB 481.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Lancaster County Assessor
REVIEWED BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Lancaster County Assessor assessment of minimal fiscal impact from LB 481.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Lancaster County Treasurer
REVIEWED BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Lancaster County Treasurer assessment of no fiscal impact from LB 481.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials
REVIEWED BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of indeterminate impact from LB 481.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 481	AM:	AGENCY/POLT. SUB: Nebraska Investment Finance Authority
REVIEWED BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Nebraska Investment Finance Authority assessment of fiscal impact from LB 481. This entity does not receive state appropriation.		

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

2023

LB⁽¹⁾ 481

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 2/9/2023 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$62,080		\$65,650	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$62,080		\$65,650	

Explanation of Estimate:

LB481 would allow for the governing body of a city or county to designate housing incentive districts if a housing needs assessment indicates a shortage in quality housing. If the governing body votes to create a housing incentive district a copy must send a copy of the resolution to DED, requesting the director review the resolution and to advise the governing body whether the director agrees with the findings of the resolution. If the director agrees, the governing body can use their authority to purchase or otherwise acquire real property located within it. Furthermore, any purchased or acquired property can be sold or leased by the governing body to any developer in accordance with the plan for the housing incentive district. Once a housing incentive district is established, the city or county can issue special obligation bonds to finance the implementation of the developed plan for the housing incentive district.

LB481 also proposes creating a \$2 million annual grant program under the jurisdiction of the Nebraska Investment Finance Authority (NIFA) to assist governing bodies in housing needs to meet the goals of respective housing incentive district plans is also established.

Under the provisions of LB481, DED will be responsible for researching, reviewing and approving or denying proposed resolutions from governing bodies to ensure the findings support findings to establish a housing incentive district. Depending upon the level of review that is expected, the costs for this activity could result in the need for 0.5 FTE of an Economist. Note also, that the appropriation of funds to NIFA for a grant program may not be possible. If this responsibility is ultimately given to DED, the costs of administering the provisions of an amended LB581 will be different.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A13910 Economist	0.50	0.50	\$34,370	\$36,780
Benefits.....			13,750	14,300
Operating.....			10,520	11,000
Travel.....			3,440	3,570
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$62,080	\$65,650

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2023

LB⁽¹⁾ 481

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County Assessor/Register of Deeds Office

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/26/2023 Phone: ⁽⁵⁾ (402) 44-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

LB 481 would create “housing incentive districts” that would use Tax Increment Finance principles to pay for infrastructure for housing developments in one of these districts. From the perspective of this office, property in a housing incentive district would continue to be assessed at market value, as is currently done. So, the creation of and inclusion of property within such a district would not create a burden on this office in terms of how it values property. However, property taxes generated by the real property within such districts would be divided between political subdivisions that normally levy property taxes and the payment of bonds to help finance infrastructure in one of these districts in the same fashion that “excess” value—that value added to a property’s worth through redevelopment—generates tax dollars to pay off the financing for a TIF project. LB 481 mandates that the value for the properties in such a district at the time of its adoption would continue to generate taxes for the political subdivisions but the taxes on value added within the district for up to 15 years.

From the standpoint of our office, we would have to certify the incremental value within the district that would go to the district on June 1. (An odd date since county board of equalization protests are not resolved until either the end of July or the first part of August; the assessor certifies value to political subdivisions every year by August 20.) but we already certify values at different times so that piece we can do with existing staff. We would also have to flag the properties within each district, so that we would know what value to certify as part of the district. That would amount to an additional administrative burden but until you had some idea of how many districts you had and how many parcels were in each, you would have no way to estimate what that administrative work would look like. For now, at least, we think we could probably do the work with existing staff but again, that’s all dependent on how many of these we get. So, initially, we see no fiscal impact directly to this office.

That said, other entities may have some impact. The Douglas Omaha Technology Commission (Dotcomm) would no doubt have to do some additional programming for billing purposes—the bill directs us to treat this district as its own political subdivision that would have to show up in billing. Additionally, it would have some impact on the political subdivisions like school districts, counties, and cities since the value of property that they can tax within those districts are frozen at their pre-district levels for the next 15 years, while any added value over that time generates taxes for the district. Again, without knowing how many districts you might have and how many properties are in them, it is impossible to estimate, at this stage, what that will look like. But LB 481 would certainly limit tax revenue, within those districts, that can go to political subdivisions.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023-24	2024-25
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2023

LB⁽¹⁾ 481

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1-25-23 Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

The Housing Incentive District Act would need to be adopted by the Lancaster County Board before any additional expenditures or revenues would be involved to start up a new program. Lancaster County would need to do some analysis before expenditures or revenues could be estimated.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 481

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ January 19, 2023 Phone: ⁽⁵⁾ 402-441-8777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>500</u>	<u></u>	<u>500</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></u>	<u></u>	<u></u>	<u></u>

Explanation of Estimate:

The impact of this legislation on the County Assessor/Register of Deeds Office appears to be negligible. Possible additional staff costs are reflected in the estimate of expenditures.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u></u>	<u></u>	<u></u>	<u></u>
Operating.....	<u></u>	<u></u>	<u></u>	<u></u>
Travel.....	<u></u>	<u></u>	<u></u>	<u></u>
Capital outlay.....	<u></u>	<u></u>	<u></u>	<u></u>
Aid.....	<u></u>	<u></u>	<u></u>	<u></u>
Capital improvements.....	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL.....	<u></u>	<u></u>	<u></u>	<u></u>

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2023

LB⁽¹⁾ 481

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Rachel Garver Date Prepared: ⁽⁴⁾ January 20, 2023 Phone: ⁽⁵⁾ 402-441-7499

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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 for the County Treasurer's Office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 481

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/24/2023 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

LB 481 adopts the Housing Incentive District Act with the language being permissive authorizing counties to designate housing incentive districts. If a county were to do so, there would be costs to the county for conducting a housing needs analysis.

It is unknown how many counties will use the Housing Incentive District Act; therefore, the fiscal impact is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 481

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Investment Finance Authority

Prepared by: ⁽³⁾ Christie Weston Date Prepared: ⁽⁴⁾ 1/25/2023 Phone: ⁽⁵⁾ 402-434-3900

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
CASH FUNDS	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
FEDERAL FUNDS	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
OTHER FUNDS	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
TOTAL FUNDS	<u><u>n/a</u></u>	<u><u>n/a</u></u>	<u><u>n/a</u></u>	<u><u>n/a</u></u>

Explanation of Estimate:

NIFA anticipates a cost of **\$117,325** for two years to administer a program of grants to cities and counties to carry out housing development activities in accordance with the Housing Incentive District Act. NIFA's costs include personnel time related to the creation of program guidelines, documents and application forms to establish the grant program, management of the application and award process, marketing and communications, payment administration, audits, and program oversight. Other costs include the acquisition of grant management software, legal fees, and travel.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				