PREPARED BY: DATE PREPARED: PHONE: Clinton Verner February 19, 2021 402-471-0056

**LB 653** 

Revision: 00

## FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates) |              |         |              |         |  |  |  |  |
|--|--------------|---------|--------------|---------|--|--|--|--|
|  | FY 202       | 1-22    | FY 2022-23   |         |  |  |  |  |
|  | 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.

LB653 includes the definition for a historically underutilized business (HUB) and provides that redevelopment projects that includes the division of taxes as provided in 18-2147 for which the amount of divided taxes exceeds \$200,000 shall establish goals to utilize HUBs in such redevelopment project for construction, services, and commodity purchases.

## LB653 defines a HUB as:

- "A participant in the United States Department of Transportation's disadvantaged business enterprise program;
- A contractor whose average annual gross receipts from the past three years do not exceed the standard of XX million dollars
  or the size standard in number of employees; and
- An entity whose average annual gross receipts from the past three years do not exceed the size standard of XX million dollars
  or the size standard in number of employees"

LB653 would incur no new taxes and place most of the burden on compliance with the private firms undertaking redevelopment projects. Any administration and contract monitoring cost would be borne by cities with large redevelopment projects. Without definitions for HUBs an estimate cannot be determined.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE              |                   |                 |                       |  |  |  |
|--|-------------------|-----------------|-----------------------|--|--|--|
| LB: 653 AM: AGENCY/POLT. SUB: Department of Revenue  |                   |                 |                       |  |  |  |
| REVIEWED   | BY: Neil Sullivan | DATE: 2/18/2021 | PHONE: (402) 471-4179 |  |  |  |
| COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 653 appears reasonable. |                   |                 |                       |  |  |  |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE                  |                   |                 |                       |  |  |  |  |
|--|-------------------|-----------------|-----------------------|--|--|--|--|
| LB: 653 AM: AGENCY/POLT. SUB: City of Lincoln  |                   |                 |                       |  |  |  |  |
| REVIEWED   | BY: Neil Sullivan | DATE: 1/25/2021 | PHONE: (402) 471-4179 |  |  |  |  |
| COMMENTS: No basis to disagree with the City of Lincoln estimate of minimal fiscal impact from LB 653. |                   |                 |                       |  |  |  |  |

LB 653 Fiscal Note 2021

|                               |              | State Agency   | Estimate     |         |                 |         |
|-------------------------------|--------------|----------------|--------------|---------|-----------------|---------|
| State Agency Name: Department | of Revenue   |                |              |         | Date Due LFO:   |         |
| Approved by: Tony Fulton      |              | Date Prepared: | 2/18/2021    |         | Phone: 471-5896 |         |
|                               | FY 2021      | 1-2022         | FY 2022-2023 |         | FY 2023-2024    |         |
|                               | Expenditures | Revenue        | Expenditures | Revenue | Expenditures    | Revenue |
| General Funds                 |              | \$ 0           |              | \$ 0    |                 | \$ 0    |
| Cash Funds                    |              |                |              |         |                 |         |
| Federal Funds                 |              |                |              |         |                 |         |
| Other Funds                   |              |                |              |         |                 |         |
| Total Funds                   |              | \$ 0           |              | \$ 0    |                 | \$ 0    |

LB 653 amends the Community Development Law to require each city that approves a redevelopment project that includes the division of taxes exceeding \$200,000 to establish goals to utilize historically underutilized businesses (HUBs) in the redevelopment project for construction, services, including professional and consulting services, and commodity purchases.

Section 3 amends Neb. Rev. Stat. § 18-2101 to define HUB as any person or business with its principal place of business located in Nebraska and to specify criteria to be used in determining whether a person or business qualifies as a HUB.

Section 5 amends Neb. Rev. Stat. § 18-2117.02 to include in the report from the city or authority to each governing body whose property taxes are affected by the division of taxes: 1) the number and dollar amount of contracts related to each redevelopment project approved by the governing body of the city or authority in the previous calendar year which were awarded and paid to HUBs; and (2) the most recent goals for the utilization of HUBs in the redevelopment projects established by the city, a statement regarding whether the goals were met during the previous year, and if the goals were not met, an explanation as to why the goals were not met.

Section 6 amends Neb. Rev. Stat. § 18-2119 to provide that a redevelopment contract for a redevelopment plan or project that includes the division of taxes under Neb. Rev. Stat. § 18-2147 can include additional requirements deemed necessary by the city to meet goals for the utilization of HUBs as established by the city under this bill.

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

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

The operative date for this bill is three months after adjournment.

| Major Objects of Expenditure |                             |                     |  |                     |                       |                       |                       |  |  |
|------------------------------|-----------------------------|---------------------|--|---------------------|-----------------------|-----------------------|-----------------------|--|--|
| Class Code                   | <u>Classification Title</u> | 21-22<br><u>FTE</u> |  | 23-24<br><u>FTE</u> | 21-22<br>Expenditures | 22-23<br>Expenditures | 23-24<br>Expenditures |  |  |
|                              |                             |                     |  |                     |                       |                       |                       |  |  |
|                              |                             |                     |  |                     |                       |                       |                       |  |  |
|                              |                             |                     |  |                     |                       |                       |                       |  |  |
| Benefits                     |                             |                     |  |                     |                       |                       |                       |  |  |
| Operating Costs              |                             |                     |  |                     |                       |                       |                       |  |  |
|                              |                             |                     |  |                     |                       |                       |                       |  |  |
| Capital Outlay               |                             |                     |  |                     |                       |                       |                       |  |  |
| Capital Improvements         |                             |                     |  |                     |                       |                       |                       |  |  |
|                              |                             |                     |  |                     |                       |                       |                       |  |  |

| <b>LB</b> <sup>(1)</sup> 653                    |                                     |                                      | FISCAL NOTE                    |
|---|-------------------------------------|--------------------------------------|--------------------------------|
| State Agency OR Political Subdivision Name: (2) | City of Lincoln                     |                                      |                                |
| Prepared by: (3) James Van Bruggen              | Date Prepared: (4)                  | 1/22/21 Phone: (                     | 5) 402-441-8301                |
| ESTIMATE PROVI                                  | DED BY STATE AGENC                  | CY OR POLITICAL SUBDIVIS             | SION                           |
| <u>FY</u><br><u>EXPENDITURE</u>                 | 2021-22<br>S <u>REVENUE</u>         | <u>FY 20:</u><br><u>EXPENDITURES</u> | <u>22-23</u><br><u>REVENUE</u> |
| GENERAL FUNDS                                   | <u> </u>                            |                                      |                                |
| CASH FUNDS                                      |                                     |                                      |                                |
| FEDERAL FUNDS                                   |                                     |                                      |                                |
| OTHER FUNDS                                     | -                                   |                                      |                                |
| TOTAL FUNDS                                     | <u></u>                             | <u> </u>                             |                                |
| TOTAL FUNDS                                     | =                                   | <del></del>                          |                                |
| <b>Explanation of Estimate:</b>                 |                                     |                                      |                                |
| Minimal fiscal impact.                          |                                     |                                      |                                |
| ·   |                                     |                                      |                                |
|   |                                     |                                      |                                |
|   |                                     |                                      |                                |
|   |                                     |                                      |                                |
|   |                                     |                                      |                                |
|   |                                     |                                      |                                |
| BDE A V DOV                                     | WN BY MAJOR OBJECT                  | SCOE EXPENDITURE                     |                                |
| Personal Services:                              | WN B1 MAJOR OBJECT                  | S OF EAFENDITURE                     |                                |
| N<br>POSITION TITLE                             | UMBER OF POSITIONS                  | S 2021-22<br>EXPENDITURES            | 2022-23<br>EXPENDITURES        |
| FOSITION TITLE                                  | $\frac{21-22}{2}$ $\frac{22-23}{2}$ | <u>EXPENDITURES</u>                  | <u>EAFENDITURES</u>            |
|   |                                     | <del></del>                          |                                |
| Benefits  |                                     | <del></del>                          | -                              |
| Operating                                       |                                     |                                      |                                |
| Travel  |                                     |                                      |                                |
| Capital outlay                                  |                                     |                                      |                                |
| Aid   |                                     |                                      |                                |
| Capital improvements                            |                                     |                                      |                                |
| TOTAL   |                                     |                                      |                                |

| <b>LB</b> (1) | 653        |             |                   |              |           |                       |         |              |                | _         | FISCAL NO      | ΓΕ        |
|---------------|------------|-------------|-------------------|--------------|-----------|-----------------------|---------|--------------|----------------|-----------|----------------|-----------|
| State Ag      | gency OR   | Political S | ubdivision Name:  | Neb          | raska     | Departr               | nent c  | of Ecor      | nomic D        | evelopr   | nent           |           |
| Prepare       | ed by: (3) | Anthon      | y Goins           | D            | ate Pre   | pared: <sup>(4)</sup> | 2/18/   | 2021         | P              | hone: (5) | 402-471-3777   |           |
|               |            | ES          | STIMATE PRO       | VIDED B      | Y STA     | ΓΕ AGEN               | CY OR   | R POLIT      | CICAL SU       | BDIVISI   | ON             |           |
|               |            |             |                   | Y 2021-      |           |                       |         |              |                | FY 2022   |                |           |
|               |            |             | EXPENDITUR        | <u>ES</u>    | <u>RE</u> | <u>VENUE</u>          |         | <u>EXPEN</u> | <u>NDITURI</u> | <u>ES</u> | <u>REVENUE</u> |           |
| GENER         | RAL FUN    | DS          |                   |              |           |                       | _       |              |                |           |                |           |
| CASH I        | FUNDS      |             |                   |              |           |                       | _       |              |                |           |                |           |
| FEDER         | AL FUN     | DS          |                   |              |           |                       |         |              |                |           |                |           |
| OTHEI         | R FUNDS    | 6           |                   |              |           |                       |         |              |                |           |                |           |
| ТОТАІ         | L FUNDS    | <b>3</b>    |                   |              | _         |                       | _       |              |                |           |                | _         |
|               | tion of Es |             |                   | = =          |           |                       |         |              |                | =         |                | _         |
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| rne pro       | visions (  | DI LB653    | affect municip    | alities a    | na wou    | lia not im            | ipact L | OED ob       | erations       | •         |                |           |
|               |            |             |                   |              |           |                       |         |              |                |           |                |           |
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|               |            |             |                   |              |           |                       |         |              |                |           |                |           |
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|               |            |             |                   |              |           |                       |         |              |                |           |                |           |
|               |            |             |                   |              |           |                       |         |              |                |           |                |           |
|               |            |             |                   |              |           |                       |         |              |                |           |                |           |
| Personal      | Services   | :           | BREAKDO           | WN BY I      | MAJOR     | OBJECT                | S OF E  | EXPENI       | DITURE         |           |                |           |
|               | DOCTO      |             |                   |              |           | OSITION               | IS      |              | 021-22         | 50        | 2022-23        | <b>.</b>  |
|               | POSIT      | TION TIT    | LE                | <u>21-22</u> | <u>2</u>  | <u>22-23</u>          |         | EXPE         | NDITUR         | <u>ES</u> | EXPENDITUR     | <u>ES</u> |
|               |            |             |                   |              |           |                       | _       | -            |                |           |                |           |
|               |            |             |                   |              |           |                       | _       |              |                | <u>—</u>  |                |           |
|               |            |             |                   |              |           |                       |         |              |                |           |                | —         |
|               |            |             |                   |              |           |                       |         |              |                |           |                | _         |
|               |            |             |                   |              |           |                       |         |              |                |           |                |           |
| -             | •          |             |                   |              |           |                       |         |              |                |           |                |           |
| Aid           |            |             |                   |              |           |                       |         |              |                |           |                |           |
| Capital       | improve    | ments       |                   |              |           |                       |         |              |                | <u>—</u>  |                |           |
| TO            | TAL        |             |                   |              |           |                       |         |              |                |           |                |           |