PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza February 2, 2021 (402)471-0050

**LB 194** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	21-22	FY 2022-23			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		(\$2,497,000)		(\$5,993,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$2,497,000)		(\$7,192,000)		

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

LB 194 seeks to make various changes to the Nebraska Job Creation and Mainstreet Revitalization Act.

LB 194 eliminates the deadline for the allocation of credits within the Act.

LB 194 amends the definitions of several terms, including historically significant real property, improvement, eligible expenses, and sub-definitions of these terms.

LB 194 adds an additional section that differentiates the credit amount for historically significant real property dependent on the county where it is contained. For such property contained in a county that includes a city of the metropolitan or primary class, the credit is equal to 25% of eligible expenditures. For all other counties, the credit is equal to 30%. The maximum credit allowed per project is \$2 million regardless of location.

LB 194 requires the Nebraska State Historical Society and the Department of Revenue to submit a joint report annually to the Revenue Committee of the Legislature.

The Department of Revenue estimates the following impact on General Fund revenues:

- FY21-22: (\$2,497,000)
- FY22-23: (\$5,993,000)
- FY23-24: (\$7,192,000)

Additionally, DOR expects no costs to implement LB 194.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 194 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED	BY: Neil Sullivan	DATE: 2/1/2021	PHONE: (402) 471-4179			
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 194 appears reasonable.						

State Agency Estimate						
State Agency Name: Department of Revenue			Date Due LFO:			
Approved by: Tony Fulton Date Prepared:		2/1/2021	Phone: 471-5896			
	FY 2021-2022		FY 2022-2023		FY 2023-2024	
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ (2,497,000)		\$ (5,993,000)		\$ (7,192,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ (2,497,000)		\$ (5,993,000)		\$ (7,192,000)
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LB 194 amends the Nebraska Job Creation Mainstreet Revitalization Act (Act) to repeal the sunset date for the Act and the cutoff date for issuing and using credits. The provision of the Act that allowed the holder of credits to release an allocation if the project has not commenced is also repealed.

The bill redefines historically significant real property to include at-grade or above ground structures used for any purpose and structures that are eligible for but not currently listed in the National Register of Historic Places. The previous prohibition of single family detached residences is repealed. Improvement is redefined to include a project with a total cost of more than \$5,000 regardless of location. Currently, the improvement must cost at least \$25,000 or 25% of the value of the building, depending on location. The definition of eligible expenses is amended to include engineering fees and any costs "generally related to the protection of the historically significant real property from deterioration."

LB 194 also amends the amount of credits available to persons incurring eligible expenses to 25% for properties located in a county that includes a city of the metropolitan class or a city of the primary class. The credit will be equal 30% for a property located in any other county. The maximum credit allowed for any single project is increased to \$ 2 million.

The bill requires DOR and the Nebraska State Historical Society to issue an annual report to the Revenue Committee.

Using the current data from the Act, it is estimated that LB 194 will have the following impact on General Fund revenues.

FY21-22 \$ (2,497,000) FY22-23 \$ (5,993,000) FY23-24 \$ (7,192,000) FY24-25 \$ (8,630,000)

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

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It is estimated that there will be minimal costs to the Department to implement this bill.

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