Doug Gibbs January 26, 2012 402-471-0051

LB 924

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 924 would reinstate and amend the Nebraska Redevelopment Act.

The Nebraska Redevelopment Act stopped accepting area and project applications on January 31, 2000; LB 924 now provides that area and project applications will be accepted up to January 31, 2022.

In general, the bill changes the Redevelopment Act to make it more similar to the Community Development Law.

The bill changes the makeup of the redevelopment board by removing the State Treasurer and chairperson of the Nebraska Investment Council and replacing them with the executive director of the Nebraska Investment Finance Authority and, if the applicant for a project is a city, the mayor and director of finance of that city and the county commissioner who represents that portion of the county with the largest proposed blighted and substandard area. If the applicant is a joint entity, the additions to the board include the mayor and director of finance of the city in which the project is located and the county commissioner representing the largest portion of the county designated blighted and substandard.

The bill appears to clarify that an employee is the result of the redevelopment project; strikes language regarding notification of school districts within 20 miles of the project and replaces that with notification of school districts that abut the border of the project; reduces the qualifying investment from 50 to 25 million dollars and the level of new employees from 500 to 150.

LB 924 provides that when there isn't a redevelopment project valuation on parcels that the county assessor shall determine such valuation based upon fair market valuation of the parcels as of January 1 of the year prior to the year that the property taxes are to be divided. In addition, notices on the division of property taxes are to be sent by the taxing body to the county assessor, failure to do so results in the taxes remaining undivided and being paid into the funds for each taxing body. The bill also specifies that if the current assessed valuation is less than the redevelopment project valuation then the current assessed valuation shall be the value assessable to the taxing body for the current year and there will be no excess valuation or tax proceeds available to the redevelopment project.

Finally, the bill requires reports from the city or joint entity which has approved any project application to file a report on the project to the Property Tax Administrator. The Property Tax Administrator is also required to file a report with the Legislature of each active redevelopment project based on the information received from the cities or joint entities. The report is due March 1 of each year.

The bill is estimated to have no fiscal impact to the state.

The Department of Revenue indicates the cost to implement LB 924 to be minimal. We agree with the Department's estimate of cost.

DEPARTMENT OF ADMINISTRATIVE SERVICES						
REVIEWED BY	Gary Bush	ţ.	1/30/12	PHONE 471-2526		
COMMENTS						
DEPT. OF REVENUE - No basis to	disagree with estimate.					

		RECEIVED					
LB 924				JANON	Fiscal Note	2012	
		State Agency	Estimate	7 2012			
State Agency Name: Department	of Revenue	<u>, , </u>	LE	Gio	Date Due LFA:	1/10/12	
Approved by: Douglas Ewald		Date Prepared:	1/25/12	CISLATIVE FISCAL	Phone: 471-5700		
	<u>FY 2012</u>	2-2013	<u>FY 2</u>	013-2014 "SCAL	FY 201	4-2015	
	Expenditures	<u>Revenue</u>	Expenditures	Revenue	Expenditures	Revenue	
General Funds							
Cash Funds							
Federal Funds							
Other Funds							
Total Funds					0. 2		

LB 924 changes the Nebraska Redevelopment Act to make it similar to the Community Development Law (Tax Increment Financing). It provides a provision for the county assessor to determine the value of the property as of January 1 of the year preceding the division of the property taxes. The county assessor is to send valuation notices to the owner and the taxing body, granting them the right to protest the valuation and appeal to the Tax Equalization and Review Commission (TERC).

This bill requires that a notice to divide the property tax be sent by the taxing body to the county assessor on or before August 1. The notice to divide the tax would be on a form prescribed by the Property Tax Administrator. The form and date requirements are the same as required under the Community Development Law. The Nebraska Redevelopment Act considers both real and personal property, and the certification for the year prior to the effective date of the project agreement for determining the redevelopment project valuation (base). Any excess valuation over the base is taxed at the applicable property tax rate and the property taxes generated from the excess will be remitted to the contracting public body.

This bill requires each city or joint entity with an approved project application to file a report with the Property Tax Administrator on or before December 1 of each year. The Property Tax Administrator must compile a report and transmit it to the Clerk of the Legislature by March 1 each year. The Property Tax Administrator presently compiles a similar report for the Community Development projects.

There are no costs to the General Fund to implement this bill.

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

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	12-13 FTE	13-14 <u>FTE</u>	14-15 <u>FTE</u>	12-13 Expenditures	13-14 Expenditures	14-15 <u>Expenditures</u>	
	· · · · · · · · · · · · · · · · · · ·							
Benefits				<u> </u>				
Capital Outlay			• • • • • • • • • • • • • • • • • • • •	· · · · · · · · · · · · · · ·				
Capital Improvements.			• • • • • • • • • • • • • • • • • • • •	•••••				
Total	•••••	• • • • • • • • • • • • • • • • • • • •	••••••	•••••				