

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	116,256			
CASH FUNDS		116,256	116,256	116,256
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>116,256</b>	<b>116,256</b>	<b>116,256</b>	<b>116,256</b>

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

LB 596 amends the Community Development Law.

Section 6 creates the Tax-increment Financing Division in the office of the Auditor of Public Accounts. The Division's primary responsibility shall be to provide state-level assistance for tax-increment financing projects that are approved under the Community Development Law. Further duties and responsibilities for the Division are established in this section. The Division shall establish a fee structure to cover the Division's costs.

The Auditor of Public Accounts estimates the need for 2.0 FTE to staff the Division. This appears to be reasonable.

The Auditor's estimates are for equal amounts of cash fund revenue and expenditure authority. Once a revenue stream is established, that is not a problem. However, in the first year of the Division's existence, staff will be on-hand prior to any revenue generation. For that reason, the first year's expenditures are shown as General Funds. Moving forward, the Division's activities are structured to be funded with Cash Funds.

It should be noted that the bill's provisions require the creation of a public web site. No cost estimate for this is provided. At this time, it is presumed that the Auditor will be able to address any related costs with current resources. It is possible, however, that no estimate was provided due to lack of adequate information and a revised estimate will be forthcoming.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 596	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Robin Kilgore		DATE: 2-13-15	PHONE: 471-4180
COMMENTS: Concur with agency's estimate of no fiscal impact.			



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

**2015**

**LB<sup>(1)</sup> 596**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Auditor of Public Accounts

Prepared by: <sup>(3)</sup> Mary Avery Date Prepared: <sup>(4)</sup> 1/27/14 Phone: <sup>(5)</sup> 4024713686

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	FY 2015-16		FY 2016-17	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$116,256	\$116,256	\$116,256	\$116,256
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$116,256</u>	<u>\$116,256</u>	<u>\$116,256</u>	<u>\$116,256</u>

**Explanation of Estimate:**

LB 596, as currently written, deals with tax-increment financing and creates a new division and duties within the Auditor of Public Accounts. This LB, as written, would require additional records to be maintained on the web, as well as the creation of a financing manual to be publically available. Additionally, this LB requires the Auditor of Public Accounts to establish a fee structure for projects to cover the costs of the new division. This additional work would be run through the Auditor of Public Accounts' Cash Fund. At this time, we lack sufficient details as to the number of projects or the specific amount of information needed to implement these provisions. Therefore, we have based this fiscal note strictly on the estimated amount of money and fees that would be necessary to carry out these requirements. There would be an additional fiscal impact to Agency 010-Auditor of Public Accounts; however, it is to be recovered by fee costs, per the LB. These revenues and expenditures would be run through the Auditor of Public Accounts' Cash Fund.

Based on our estimates, we believe two more staff members will be needed to complete the additional work required by the LB, as written.

	Family	Single CPA	Total
Gross	40008	45000	85008
Retirement	3000	3372	6372
FICA	2724	3360	6084
Life	12	12	24
Insurance	15528	3240	18768
<b>Total</b>	<b>61272</b>	<b>54984</b>	<b>116256</b>

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2015-16	2016-17
	15-16	16-17	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Auditor	2	2	\$85,008	\$85,008
Benefits.....			\$31,248	\$31,248
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$116,256</b>	<b>\$116,256</b>

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFA: 2/20/2015
Approved by: Len Sloup Date Prepared: 2/20/2015 Phone: 471-5896

Table with 3 main columns for fiscal years (FY 2015-2016, FY 2016-2017, FY 2017-2018) and sub-columns for Expenditures and Revenue. Rows include General Funds, Cash Funds, Federal Funds, Other Funds, and Total Funds.

LB 596 creates the Tax Increment Financing Division (Division) of the Auditor of Public Accounts (APA). The Division is granted the authority to audit tax increment financing (TIF) projects for compliance, and must develop a TIF manual, publish copies of cities' TIF projects, file a report with the Clerk of the Legislature of its findings.

LB 596 creates additional reporting requirements for cities regarding TIF projects, requires cities to conduct annual review of TIF projects by December 1, and determine if the project has met its stated goals. If a project fails to meet its goals, a city may "recapture" any incentives provided to the recipient of TIF financing.

LB 596 requires community redevelopment authorities or limited authorities to include certain local stakeholders.

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

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

Major Objects of Expenditure

Table with 8 columns: Class Code, Classification Title, 15-16 FTE, 16-17 FTE, 17-18 FTE, 15-16 Expenditures, 16-17 Expenditures, 17-18 Expenditures. Rows include Benefits, Operating Costs, Travel, Capital Outlay, Aid, Capital Improvements, and Total.