

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	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.

LB 238 amends the Community Development Law.

The bill adds the definition of “public works” to statute and defines “public works” to mean streets, roads, public utilities, other public infrastructure, and other public facilities.

The bill amends Section 18-2107 to limit a community development authority’s ability to spend on facilities to public facilities.

LB 238 amends Section 18-2116 to add new language that provides that funds received from the issuance of bonds or other indebtedness will only be used for expenditures by the city for land acquisition and site preparation and on public works.

Section 18-2117.01 is amended to require certification by the city that funds received have only been used for expenditures by the city for land acquisition and site preparation and on public works.

Section 18-2147 is amended to add new language that places a limitation on the bond interest rate issued through the use of tax-increment financing of the Federal Reserve Board prime rate plus two percentage points. It also requires that the bonds be sold through public sale and that the proceeds may only be used for expenditures by the city for land acquisition and site preparation and on public works.

The bill has an operative date of January 1, 2016.

There is no fiscal impact to the state as a result of LB 238.

IMPACT TO LOCAL POLITICAL SUBDIVISIONS:

The City of Omaha indicates that the cost of LB 238 could be significant. They believe that the way LB 238 is presented, TIF projects in Omaha would cease as they are currently processed. Omaha would have to borrow the money, raising their debt levels which could result in a reduction on Omaha’s bond rating and a higher borrowing cost. However, Omaha is unable to provide a specific fiscal impact number.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 238	AM:	AGENCY/POLT. SUB: City of Omaha	
REVIEWED BY: Lyn Heaton		DATE: 2/20/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the City of Omaha’s conclusion that the bill will change how TIF projects are processed by the city. It is unclear whether such a change would actually prevent the city from utilizing Tax Increment Financing but it may limit the circumstances under which it may be utilized as an economic development incentive compared to how it is used currently.			

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2015

LB⁽¹⁾ 238

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Omaha

Prepared by: ⁽³⁾ Sheri Larsen Date Prepared: ⁽⁴⁾ 01/22/2015 Phone: ⁽⁵⁾ 402-444-5477

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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 financial impact of LB 238 on the City of Omaha could be significant. The way the bill is presented it appears that TIF projects in the City would cease as they are currently processed. The City would have to borrow the money, raising the City's debt levels which could result in a reduction in the City's bond rating and a higher borrowing cost. A monetary value for the bill's impact is difficult to determine at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

