PREPARED BY: DATE PREPARED: PHONE: Clinton Verner February 15, 2022 402-471-0056

**LB 1117** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 2022-23 FY 2023-24								
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE						
GENERAL FUNDS	\$88,170	(\$1,701,000)	\$108,770	(\$2,313,000)					
CASH FUNDS									
FEDERAL FUNDS									
OTHER FUNDS									
TOTAL FUNDS	\$88,170	(\$1,701,000)	\$108,770	(\$2,313,000)					

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

LB1117 would amend the Community Development Assistance Act to include economic redevelopment areas and includes definitions. LB1117 increases the tax credit cap from \$350,000 to \$5,000,000 in FY22-23 and each year thereafter. LB1117 provides a sunset for the program on July 1, 2027.

The Department of Economic Development (DED) estimates one FTE to accommodate the anticipated increase in demand for the program. DED has recently downsized its office space and provides an additional operating cost for rent. No basis to disagree.

No basis to disagree with the Department of Revenue's estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1117 AM: AGENCY/POLT. SUB: Department of Economic Development							
REVIEWED B	SY: Neil Sullivan	DATE: 2/11/2022	PHONE: (402) 471-4179				
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 1117 appears reasonable.							

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 1117 AM: AGENCY/POLT. SUB: Department of Revenue							
REVIEWED BY	Y: Neil Sullivan	DATE: 2/11/2022	PHONE: (402) 471-4179				
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1117 appears reasonable.							

ADMINI	STRATIVE SERVICE	S STATE BUDGET DIVISION: REVIEW	V OF AGENCY & POLT. SUB. RESPONSE			
LB: 1117	AM:	AGENCY/POLT. SUB: City of C	)maha			
REVIEWED B	Y: Neil Sullivan	DATE: 1/28/2022	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the City of Omaha assessment of no fiscal impact from LB 1117.						

nks in the first three	mics.			2022
			F	FISCAL NOTE
ıbdivision Name: (2)	Nebraska Departn	nent of Econor	mic Developn	nent
earmont	Date Prepared: <sup>(4)</sup>	2/9/2022	Phone: (5)	402-471-3777
TIMATE PROVID	ED BY STATE AGEN	CY OR POLITIC	CAL SUBDIVISI	ON
FY 2	022-23		FY 2023	3-24
EXPENDITURES	REVENUE	EXPEND		REVENUE
\$88,170		\$1	08,770	
		_		
\$88,170		\$1	08,770	
in a city of the me r, to increase the a	etropolitan class. Sec amount of tax credits	tion 13-108 is a available unde	amended beginer the Commun	nning in FY2022-23 iity Development
	EXPENDITURES \$88,170  \$88,170  \$13-203 to redefining a city of the means, to increase the analysis and the second	Date Prepared: (4)  TIMATE PROVIDED BY STATE AGEN FY 2022-23 EXPENDITURES \$88,170  \$88,170  13-203 to redefine community develoning a city of the metropolitan class. Second, to increase the amount of tax credits	Date Prepared: (4) 2/9/2022  TIMATE PROVIDED BY STATE AGENCY OR POLITICE  FY 2022-23 EXPENDITURES REVENUE EXPEND  \$88,170 \$1  13-203 to redefine community development area to it in a city of the metropolitan class. Section 13-108 is at to increase the amount of tax credits available under	Nebraska Department of Economic Development of Economic Development Date Prepared: (4) 2/9/2022 Phone: (5)  TIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION FY 2022-23  EXPENDITURES REVENUE EXPENDITURES \$88,170 \$108,770

The department believes that the provisions of LB1117 will require the services of an Economic Development Business Consultant II. Operating costs include \$2,650 in additional rent.

BREAKD	OWN BY MAJO	OR OBJECTS OF	EXPENDITURE		
Personal Services:					
	NUMBER OF	FPOSITIONS	2022-23	2023-24	
POSITION TITLE	<u>22-23</u>	23 - 24	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>	
A49012 Econ. Dev. Bus. Consultant II	0.75 1.00		\$46,810	\$63,980	
Benefits			18,720	25,590	
Operating			9,360	12,800	
Travel			4,680	6,400	
Capital outlay			8,600	0	
Aid			0	0	
Capital improvements					
TOTAL			\$88.170	\$108.770	

LB 1117 Fiscal Note 2022

		State Agency	Estimate			
State Agency Name: Department	of Revenue				Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	2/11/2022	Phone: 471-5896		
	FY 2022	2-2023	FY 202	3-2024	FY 202	4-2025
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ (1,701,000)		\$ (2,313,000)		\$ (3,146,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ (1,701,000)		\$ (2,313,000)		\$ (3,146,000)

LB 1117 would amend three sections of statute dealing with the Community Development Assistance Act and provide a July 1, 2027 sunset date for grants of the tax credits by the Department of Economic Development (DED). The bill would define "community development area" to include economic redevelopment areas within a city of the metropolitan class. "Economic redevelopment area" would be defined as an area in which: (a) the average unemployment rate is at least 150% of the state average and (b) the average poverty rate is at least 20%. The bill would also increase the permissible amount of tax credits that can be granted each fiscal year from \$350,000 for fiscal years prior to 2021-22 to \$5 million for fiscal years 2022-23 and thereafter.

The Department of Revenue (DOR) estimates the program will gradually increase toward the cap of \$5 million over several years. DOR estimates the fiscal impact to the General Fund revenues would be as follows:

FY 2022-23	\$ (1,701,000)
FY 2023-24	\$ (2,313,000)
FY 2024-25	\$ (3,146,000)
FY 2025-26	\$ (4,279,000)

It is estimated that there will be no costs to DOR to implement this bill.

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

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Benefits							
Operating Costs							
Travel							
Capital Outlay							
	ts						
Total							

TOTAL.....

LB <sup>(1)</sup> 1117					<b>FISCAL NOTE</b>
State Agency OR Political Subdivision Name: (2)	City	of Omaha			
Prepared by: (3) Jeff Roh	Da	te Prepared: <sup>(4)</sup>	1-28-22	Phone: (5)	(402) 444-5451
ESTIMATE PROV	<u>'IDED B'</u>	Y STATE AGEN	NCY OR POLIT	TICAL SUBDIVIS	SION
FY	2022-23	3		FY 2023	-24
EXPENDITURE		REVENUE	EXPEN	DITURES	REVENUE
GENERAL FUNDS			<u>-</u>		
CASH FUNDS					
FEDERAL FUNDS	_				
OTHER FUNDS					
TOTAL FUNDS	_				
Explanation of Estimate: No Fiscal Impact	_ =				
Personal Services:	<u>NN BY N</u>	<u> 1AJOR OBJECT</u>	S OF EXPENI	<u>DITURE</u>	
N		OF POSITION		22-23 EDVENIENCE	2023-24
POSITION TITLE	<u>22-23</u>	<u>23-24</u>	EXPEN	<u>DITURES</u>	EXPENDITURES
			<del>-</del>		
Benefits		<u> </u>	<del>-</del>		
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements					