# LB 481

# Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	24-25						
	EXPENDITURES	EXPENDITURES REVENUE		REVENUE			
GENERAL FUNDS	See below		See below				
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	See below		See below				

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

#### LB481:

- Creates the Housing Incentive District Act;
- Sets definitions;
- Creates authority to establish Housing Incentive Districts (HIDs) within municipalities;
- Establishes duties of the Department of Economic Development in reviewing and approving HIDs;
- Creates requirements planning requirements for municipalities prior to establishing HIDs and the input process for developing said plans;
- Allows for cities or counties that have established HIDs to issue special obligation bonds to finance the implementation of the plan and defines sources of the bonds;
- Defines the eligible use of proceeds for special obligation bonds;
- Defines how property is to be assessed within HIDs;
- Creates reporting requirements for the boundaries of HIDs;
- Establishes a grant program with the Nebraska Investment Finance Authority (NIFA); and
- Creates intent to appropriate two million dollars in General funds to NIFA.

The Housing Incentive District Act creates new authorities for municipalities, any costs would be dependent upon actions taken by political subdivisions. We have no basis to disagree with DED's estimate of .5 FTE to help administer the duties of this program. NIFA has submitted an estimate of \$117,325 over the course of the biennium in costs of which our office has no basis to disagree with.

There could be some costs to counties to conduct the housing needs analysis but costs would vary by county. There could also be some change to tax revenue available to political subdivisions within an HID due to changes in valuation.

Technical note: NIFA is not a state agency, and as such cannot receive appropriations.

ADMINIS	STRATIVE SERVICES	STATE BUDGET DIVISION: REVIE	N OF AGENCY & POLT. SUB. RESPONSE			
LB: 481	AM:	AGENCY/POLT. SUB: Depart	ment of Economic Development			
REVIEWED BY: Neil Sullivan		DATE: 3/14/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Economic Development assessment of fiscal impact from LB 481. It is not clear whether the \$2 million grant program would be appropriated through the Department of						
Economic Deve	elopment. The Nebras	ska Investment Finance Authority does	s not receive state appropriation.			

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ADMINIST	RATIVE SERVIC	ES STATE BUDGET DIVISION: REVIE	W OF AGENCY & POLT. SUB. RESPONSE
LB: 481	AM:	AGENCY/POLT. SUB: Depart	ment of Revenue
REVIEWED BY:	Neil Sullivan	DATE: 3/20/2023	PHONE: (402) 471-4179
COMMENTS: Th	e Department of	Revenue assessment of no fiscal impact	t from LB 481 appears reasonable.

### ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 481	AM:	AGENCY/POLT. SUB: Douglas County	
REVIEWED BY	: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179
COMMENTS: N	lo basis to disagree with t	he Douglas County assessment of indetermin	nate impact from LB 481.

ADMIN	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 481 AM: AGENCY/POLT. SUB: Lancaster County								
REVIEWED I	BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179					
COMMENTS	COMMENTS: No basis to disagree with the Lancaster County assessment of indeterminate impact from LB 481.							

ADMIN	ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 481 AM: AGENCY/POLT. SUB: Lancaster County Assessor								
REVIEWED	BY: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179					
COMMENTS: No basis to disagree with the Lancaster County Assessor assessment of minimal fiscal impact from LB 481.								

### ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 481	AM:	AGENCY/POLT. SUB: Lancaster County Treasurer			
REVIEWED BY: Neil Sullivan		DATE: 3/14/2023	PHONE: (402) 471-4179		
COMMENTS: N	lo basis to disagree	with the Lancaster County Treasurer a	assessment of no fiscal impact from LB 481.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 481	AM:	AGENCY/POLT. SUB: Nebrask	a Association of County Officials			
REVIEWED E	3Y: Neil Sullivan	DATE: 3/14/2023	PHONE: (402) 471-4179			
COMMENTS	COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of indeterminate impact					

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ADMINIS	STRATIVE SERVICES	STATE BUDGET DIVISION: REVIEV	V OF AGENCY & POLT. SUB. RESPONSE			
LB: 481	AM:	AGENCY/POLT. SUB: Nebrash	ka Investment Finance Authority			
REVIEWED BY: Neil Sullivan		DATE: 3/14/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Nebraska Investment Finance Authority assessment of fiscal impact from LB 481. This entity does not receive state appropriation.						

<b>LB</b> <sup>(1)</sup> 481				F	<b>FISCAL NOTE</b>	
State Agency OR Political	Subdivision Name: <sup>(2)</sup>	Nebraska Departn	Nebraska Department of Economic Development			
Prepared by: <sup>(3)</sup> Dave	Dearmont	Date Prepared: <sup>(4)</sup>	2/9/2023	Phone: <sup>(5)</sup>	402-471-3777	
E	STIMATE PROVID	DED BY STATE AGEN	CY OR POLITICAL	SUBDIVISI	ON	
	FY	2023-24 FY 2024-25		-25		
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<u>EXPENDITU</u>	RES	<b>REVENUE</b>	
GENERAL FUNDS	\$62,080		\$65,650			
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$62,080		\$65,650			

#### Explanation of Estimate:

LB481 would allow for the governing body of a city or county to designate housing incentive districts if a housing needs assessment indicates a shortage in quality housing. If the governing body votes to create a housing incentive district a copy must send a copy of the resolution to DED, requesting the director review the resolution and to advise the governing body whether the director agrees with the findings of the resolution. If the director agrees, the governing body can use their authority to purchase or otherwise acquire real property located within it. Furthermore, any purchased or acquired property can be sold or leased by the governing body to any developer in accordance with the plan for the housing incentive district. Once a housing incentive district is established, the city or county can issue special obligation bonds to finance the implementation of the developed plan for the housing incentive district.

LB481 also proposes creating a \$2 million annual grant program under the jurisdiction of the Nebraska Investment Finance Authority (NIFA) to assist governing bodies in housing needs to meet the goals of respective housing incentive district plans is also established.

Under the provisions of LB481, DED will be responsible for researching, reviewing and approving or denying proposed resolutions from governing bodies to ensure the findings support findings to establish a housing incentive district. Depending upon the level of review that is expected, the costs for this activity could result in the need for 0.5 FTE of an Economist. Note also, that the appropriation of funds to NIFA for a grant program may not be possible. If this responsibility is ultimately given to DED, the costs of administering the provisions of an amended LB581 will be different.

BREAKD	OWN BY MAJO	OR OBJECTS OF	<b>EXPENDITURE</b>	
Personal Services:				
POSITION TITLE	NUMBER OI <u>23-24</u>	F POSITIONS <u>24-25</u>	2023-24 <u>EXPENDITURES</u>	2024-25 <u>EXPENDITURES</u>
A13910 Economist	0.50	0.50	\$34,370	\$36,780
Benefits			13,750	14,300
Operating			10,520	11,000
Travel			3,440	3,570
Capital outlay				
Aid				
Capital improvements				
TOTAL			\$62,080	\$65,650

### 2023

State Agency Estimate						
Revenue				Date Due LFO:		
	Date Prepared:	03/16/2023		Phone: 471-5896		
FY 202	3-2024	FY 2024-2025 FY 2025-202		5-2026		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
	<u>FY 202</u>	Revenue Date Prepared: FY 2023-2024	Date Prepared: 03/16/2023   FY 2023-2024 FY 202	Date Prepared: 03/16/2023   FY 2023-2024 FY 2024-2025	Date Due LFO:   Date Prepared: 03/16/2023   FY 2023-2024 FY 2024-2025	

LB 481 adopts the Housing Incentive District Act (Act). The Act allows village boards, city councils, and county boards to establish Housing Incentive Districts (district).

The governing body that established a district may issue special obligation bonds. The bond revenues may be used to implement specific projects within the district. The payment of the bonds is made payable from:

- 1. Property tax increments allocated to, and paid into, a special fund of the city or county of this Act;
- 2. Revenue of the city or county derived from or held in connection with the implementation of the project or projects in the district;
- 3. Any private sources or contributions or other financial assistance from the state or federal government;
- 4. Any financial sureties or other guarantees provided by the developer;
- 5. A pledge of any other lawfully available city or county revenue sources, including, but not limited to, a portion of the local sales and use tax revenue imposed by the city or county; or
- 6. Any combination of these sources.

The governing body may purchase real property in the district except through eminent domain. The governing body may sell the property to a developer.

Any real property taxes in excess of the total assessed real property value on the date the district was created must be allocated and paid by the county treasurer into a special fund of the city or county to pay the costs of housing projects in the district and the bonds issued under the Act.

It is estimated that there will be no costs to the Department of Revenue to implement this bill.

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

	Major Objects of Expenditure								
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>		
Benefits									
Travel									
Capital Outlay									
Capital Improvements									

LB <sup>(1)</sup> 481				FISCAL NOTE
State Agency OR P	Political Subdivision Name: (2)	Douglas County A	ssessor/Register of Dee	ds Office
Prepared by: <sup>(3)</sup>	Michael Goodwillie	Date Prepared: <sup>(4)</sup>	1/26/2023 Phone:	(5) (402) 44-6703
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL SUBDIV	VISION
	FV	0009 01	EV 00	04.05
	EXPENDITURES	<u>2023-24</u> <u>REVENUE</u>	EXPENDITURES	<u>124–25</u> <u>REVENUE</u>
GENERAL FUN	DS			
CASH FUNDS				
FEDERAL FUNI	DS			
OTHER FUNDS				
TOTAL FUNDS				

**Explanation of Estimate:** 

LB 481 would create "housing incentive districts" that would use Tax Increment Finance principles to pay for infrastructure for housing developments in one of these districts. From the perspective of this office, property in a housing incentive district would continue to be assessed at market value, as is currently done. So, the creation of and inclusion of property within such a district would not create a burden on this office in terms of how it values property. However, property taxes generated by the real property within such districts would be divided between political subdivisions that normally levy property taxes and the payment of bonds to help finance infrastructure in one of these districts in the same fashion that "excess" value—that value added to a property's worth through redevelopment—generates tax dollars to pay off the financing for a TIF project. LB 481 mandates that the value for the properties in such a district at the time of its adoption would continue to generate taxes for the political subdivisions but the taxes on value added within the district for up to 15 years.

From the standpoint of our office, we would have to certify the incremental value within the district that would go to the district on June 1. (An odd date since county board of equalization protests are not resolved until either the end of July or the first part of August; the assessor certifies value to political subdivisions every year by August 20.) but we already certify values at different times so that piece we can do with existing staff. We would also have to flag the properties within each district, so that we would know what value to certify as part of the district. That would amount to an additional administrative burden but until you had some idea of how many districts you had and how many parcels were in each, you would have no way to estimate what that administrative work would look like. For now, at least, we think we could probably do the work with existing staff but again, that's all dependent on how many of these we get. So, initially, we see no fiscal impact directly to this office.

That said, other entities may have some impact. The Douglas Omaha Technology Commission (Dotcomm) would no doubt have to do some additional programming for billing purposes—the bill directs us to treat this district as its own political subdivision that would have to show up in billing. Additionally, it would have some impact on the political subdivisions like school districts, counties, and cities since the value of property that they can tax within those districts are frozen at their pre-district levels for the next 15 years, while any added value over that time generates taxes for the district. Again, without knowing how many districts you might have and how many properties are in them, it is impossible to estimate, at this stage, what that will look like. But LB 481 would certainly limit tax revenue, within those districts, that can go to political subdivisions.

#### Personal Services: NUMBER OF POSITIONS 2023-24 2024-25 POSITION TITLE **EXPENDITURES EXPENDITURES** <u>23-24</u> 24-25 Benefits..... Operating..... Travel..... Capital outlay..... Aid..... Capital improvements..... TOTAL

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

LB <sup>(1)</sup> 481				<b>FISCAL NOTE</b>
State Agency OR P	olitical Subdivision Name: (2)	Lancaster County		-
Prepared by: <sup>(3)</sup>	Dennis Meyer	Date Prepared: <sup>(4)</sup>	1-25-23 Ph	one: <sup>(5)</sup> 402-441-6869
	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL SU	BDIVISION
	FY	2023-24	F	Y 2024-25
	EXPENDITURES	REVENUE	EXPENDITURES	
GENERAL FUNI	DS			
CASH FUNDS				
FEDERAL FUND	DS			
OTHER FUNDS				
TOTAL FUNDS				

**Explanation of Estimate:** 

The Housing Incentive District Act would need to be adopted by the Lancaster County Board before any additional expenditures or revenues would be involved to start up a new program. Lancaster County would need to do some analysis before expenditures or revenues could be estimated.

BREAKI	DOWN BY MAJ	OR OBJECTS O	<u>F EXPENDITURE</u>	
Personal Services:				
	NUMBER OF	POSITIONS	2023-24	2024-25
POSITION TITLE	<u>23-24</u>	<u>24-25</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

Please complete  $\underline{ALL}$  (5) blanks in the first three lines.

LB <sup>(1)</sup> 481					FISCAL NOTE
State Agency OR Political S	ubdivision Name: <sup>(2)</sup>	Lancaster County	Assessor/Registe	er of Deed	S
Prepared by: <sup>(3)</sup> Dan N	olte	Date Prepared: <sup>(4)</sup>	January 19, 2023	Phone: <sup>(5)</sup>	402-441-8777
I	ESTIMATE PROVI	DED BY STATE AGEN	NCY OR POLITICAL	<u>SUBDIVIS</u>	ION
	FV (	2023-24		FY 2024-	95
	EXPENDITURES	<u>REVENUE</u>	<b>EXPENDITU</b>		<u>REVENUE</u>
GENERAL FUNDS	500		500		
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estimate:					

The impact of this legislation on the County Assessor/Register of Deeds Office appears to be negligible Possible additional staff costs are reflected in the estimate of expenditures.

BREAKD	OWN BY MAJ	OR OBJECTS O	<u>F EXPENDITURE</u>	
Personal Services:				
	NUMBER OF	POSITIONS	2023-24	2024-25
POSITION TITLE	<u>23-24</u>	<u>24-25</u>	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

LB <sup>(1)</sup> 481					FISCAL NOTE
State Agency OR Political Su	ıbdivision Name: (2)	Lancaster County	Treasurer		
Prepared by: <sup>(3)</sup> Rachel	Garver	Date Prepared: <sup>(4)</sup>	January 20, 2023	Phone: (5)	402-441-7499
E	STIMATE PROVII	DED BY STATE AGEN	CY OR POLITICAL	<u>SUBDIVIS</u>	SION
	<u>FY 2</u> EXPENDITURES	2023-24 <u>REVENUE</u>	<u>EXPENDITU</u>	<u>FY 2024</u> <u>RES</u>	<u>-25</u> <u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS			<u> </u>		
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estimate:					

No Fiscal Impact for the County Treasurer's Office.

BREAK	DOWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
	NUMBER OF	<b>F POSITIONS</b>	2023-24	2024-25
POSITION TITLE	23-24	<u>24-25</u>	<b>EXPENDITURES</b>	EXPENDITURES
Benefits				
Operating	••••			
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

LB <sup>(1)</sup> 481					FISCAL NOTE
State Agency OR Political S	ubdivision Name: <sup>(2)</sup>	Nebraska Associa	tion of County Off	icials (NA	NCO)
Prepared by: <sup>(3)</sup> Elaine	Menzel	Date Prepared: <sup>(4)</sup>	1/24/2023	Phone: (5)	402.434.5660
E	ESTIMATE PROVII	DED BY STATE AGEN	CY OR POLITICAL	SUBDIVIS	ION
	FY 9	2023-24		FY 2024	-25
	EXPENDITURES	REVENUE	<b>EXPENDITU</b>		REVENUE
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estimate:					

LB 481 adopts the Housing Incentive District Act with the language being permissive authorizing counties to designate housing incentive districts. If a county were to do so, there would be costs to the county for conducting a housing needs analysis.

It is unknown how many counties will use the Housing Incentive District Act; therefore, the fiscal impact is unknown.

BREAKI	DOWN BY MA.	JOR OBJECTS O	F EXPENDITURE	
Personal Services:				
	NUMBER OI	F POSITIONS	2023-24	2024-25
POSITION TITLE	<u>23-24</u>	<u>24-25</u>	<b>EXPENDITURES</b>	EXPENDITURES
		<u> </u>		
Benefits				
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

LB <sup>(1)</sup> 481				FISCAL NOTE
State Agency OR Politic	al Subdivision Name: <sup>(2)</sup>	Nebraska Investment Finance Authority		
Prepared by: <sup>(3)</sup> Chr	istie Weston	Date Prepared: <sup>(4)</sup>	1/25/2023 Phone: (5)	402-434-3900
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL SUBDIVIS	SION
	FY 2023-24		<u>FY 2024</u>	-25
	EXPENDITURES	<u>REVENUE</u>	<b>EXPENDITURES</b>	<u>REVENUE</u>
GENERAL FUNDS	n/a	n/a	n/a	n/a
CASH FUNDS	n/a	n/a	n/a	n/a
FEDERAL FUNDS	n/a	n/a	n/a	n/a
OTHER FUNDS	n/a	n/a	n/a	n/a
TOTAL FUNDS	n/a	n/a	n/a	n/a

**Explanation of Estimate:** 

NIFA anticipates a cost of **\$117,325** for two years to administer a program of grants to cities and counties to carry out housing development activities in accordance with the Housing Incentive District Act. NIFA's costs include personnel time related to the creation of program guidelines, documents and application forms to establish the grant program, management of the application and award process, marketing and communications, payment administration, audits, and program oversight. Other costs include the acquisition of grant management software, legal fees, and travel.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF <u>23-24</u>	POSITIONS <u>24-25</u>	2023-24 <u>EXPENDITURES</u>	2024-25 <u>EXPENDITURES</u>
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

## 2023