

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
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.

LB164 creates the Urban Development Incentive Act (UDIA).

UDIA does the following:

- Declares findings of the Legislatures;
- Sets definitions under the act;
- Establishes and sets administration of the act within the Department of Economic Development (DED);
- Defines UDIA as a grant program, sets the following qualifications for grant awards:
 - o A grant of up to 20% of total project costs for qualifying projects, amount of grants approved each year not to exceed \$20M;
 - o A grant of up to 10% of total project costs for use in assisting eligible developers in securing private financing, amount of grants approved each year not to exceed \$10M;
 - o A grant of up to 15% of any down payment required for the project, not to exceed \$200K. The total amount of grants approved each year not to exceed \$5M;
 - o A grant of up to \$50K for job creation and training related to the project. The total amount of grants approved each year not to exceed \$2.5M;
 - o A grant of up to \$25K for conducting public consultations and submitting documentation of community engagement relating to a project. An additional \$10K may be awarded under such grant if over 50% of the community feedback is implemented in the project design. Total amount of grants approved each year not to exceed \$2M;
 - o A grant for sustainability features, up to \$50K if the project involves the installation of renewable energy systems, up to \$75K if the project achieves green building certification, and up to \$30K if the project includes community wellness features. The amount of grants approved each year not to exceed \$4M;
 - o A grant for technical assistance and training related to a project, up to \$20k for hiring consultants, up to \$5k for attending workshops or certification courses in real estate development, up to \$15k for conducting feasibility studies or environmental impact assessments. The total amount of grants approved each year not to exceed \$3M;
 - o A maximum amount of grant awards for a single project is not to exceed \$3.5M.
- Requires DED to submit a report annually regarding UDIA to the Governor and the Legislature, details the report requirements;
- Creates intent to appropriate \$46.5M per year from the General Fund for the act;
- Allows DED to promulgate rules and regulations for UDIA; and
- Declares an emergency.

The Department's estimate for fiscal impact, should appropriations be provided, appears reasonable.

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

LB: 164	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Ryan Yang		DATE: 2/21/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 164 appears reasonable.			

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

2025

LB⁽¹⁾ 164

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Economic Development

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/19/2025 Phone: ⁽⁵⁾ (402) 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$46,500,000</u>	<u></u>	<u>\$46,500,000</u>	<u></u>
CASH FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u><u>\$46,500,000</u></u>	<u><u></u></u>	<u><u>\$46,500,000</u></u>	<u><u></u></u>

Explanation of Estimate:

LB164 proposes enacting the Urban Development Incentive Act to promote sustainable, equitable economic growth, local job creation, and holistic urban redevelopment in Nebraska. The bill would require DED to establish and administer a grant program which will provide funding to eligible developers for qualified real estate development projects. A project would qualify for grant funding if the project involves the development or rehabilitation of affordable commercial space in an Economically Distressed Area.

DED would review applications in the order in which they are received. The bill contains seven types of grant awards, and a successful applicant may be awarded up to the amounts prescribed for each type of grant, up to a maximum of \$3 million per project. Some types of grants under LB164 would require the applicant to submit additional and potentially ongoing documentation to open subsequent/ongoing funding in the event certain thresholds or benchmarks are met. LB164 would also require annual reporting to the Governor and Legislature. Each annual report shall include the number and amount of grants awarded each year, the number and type of projects receiving funding each year, and the number of jobs created each year as a result of the program.

LB164 contains intent language to appropriate \$46.5 million annually from the General Fund to DED for purposes of carrying out the provisions of the Urban Development Incentive Act. Given the number of different types of grants, the size of the appropriation and the ongoing reporting requirements, DED estimates that the provisions of LB164 will require the services of an Economic Development Manager, two Economic Development Business Consultants and an IT Data/Database Analyst to construct electronic applications and develop the program in the Department's grant management system. Included in the operating costs are \$52,860 for software licenses for the grant management system, and \$9,700 for additional leased office space. LB164 contains the emergency clause; however, DED assumes that development of the grant programs would not begin before July 1, 2025.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ. Dev Manager	1.00	1.00	\$70,560	\$70,560
A49011 Econ Dev Bus Consultant I	1.50	2.00	92,820	123,760
A07051 IT Data/Database Analyst	0.50	0.25	36,920	18,460
Total	3.00	3.25	\$200,300	\$212,780
Benefits.....			\$70,110	\$74,470
Operating.....			115,120	121,430
Travel.....			20,030	22,240
Capital outlay.....			25,800	
Aid.....			46,068,640	46,069,080
Capital improvements.....				
TOTAL.....			\$46,500,000	\$46,500,000