

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|---------|-------------------|---------|
| | FY 2017-18 | | FY 2018-19 | |
| | 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 95 amends a number of sections of statute dealing with cities and villages; the Community Development Law; and tax-increment financing.

Section 18-2102.01 is amended to require a city that has approved a redevelopment plan utilizing tax-increment financing shall establish an auditing plan to provide a regular review of each redevelopment plan. The Auditor of Public Accounts may also audit, or cause to be audited, any redevelopment authority or plan when the Auditor establishes it is necessary or when requested by a governing body.

Section 18-2109 is amended regarding determination of whether an area is substandard and blighted, requirements for a public hearing on the question, notification requirements, and availability of the blight study requirements.

Section 18-2111 is amended to restrict payment of costs except for a) preparation of a redevelopment plan; b) preparation of a blight study; c) preparation of a cost-benefit analysis.

Section 18-2113 is amended to include the impacts on student populations in the cost-benefit analysis; require that no later than five years after the approval of a redevelopment plan and every five years after, that a review of the cost-benefit analysis is performed.

Section 18-2115 is amended regarding requirements for public hearings and notifications.

Section 18-2117.01 is amended regarding filing of a report and retention of copies of plans and supporting documents.

Section 18-2119 is amended to say that a redevelopment contract may contain a provision requiring that all ad valorem taxes levied be paid on time in order for the project to receive tax-increment financing.

Section 18-2147 is amended to add language requiring that a redevelopment plan that divides ad valorem taxes that are only levied upon a portion of the real property, that portion is to be clearly related to the project.

There is no fiscal impact to the state as a result of the provisions of LB 95.

The Department of Revenue indicates that there will be minimal cost to implement LB 95.

We agree with the Department of Revenue's estimate of cost.

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

LB: 95 AM: AGENCY/POLT. SUB: City of Omaha

REVIEWED BY: Lyn Heaton DATE: 2/24/2017 PHONE: [\(402\) 471-4181](tel:4024714181)

COMMENTS: It is assumed that the new requirements of the bill relative to redevelopment plans under the Community Development Law that utilize tax increment financing may require some level of increased staff time, particularly with respect to development of an auditing plan and a substandard and blighted study or analysis. The exact impact is indeterminate.

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

LB: 95 AM: AGENCY/POLT. SUB: City of Lincoln

REVIEWED BY: Lyn Heaton DATE: 2/24/2017 PHONE: [\(402\) 471-4181](tel:4024714181)

COMMENTS: It is assumed that the new requirements of the bill relative to redevelopment plans under the Community Development Law that utilize tax increment financing may require some level of increased staff time, particularly with respect to development of an auditing plan and a substandard and blighted study or analysis. The exact impact is indeterminate.

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA: 2/24/2017

Approved by: Tony Fulton

Date Prepared: 2/22/2017

Phone: 471-5896

Table with columns for FY 2017-2018, FY 2018-2019, and FY 2019-2020, each with sub-columns for Expenditures and Revenue. Total revenue for all years is \$0.

LB 95 amends Community Redevelopment Authority statutes to change Community Development Law and Tax Increment Financing (TIF) statutes.

This bill requires each city with an established redevelopment plan to create an audit plan for regular review of the TIF. It further requires two hearings before a redevelopment plan may be adopted.

This bill provides that a redevelopment plan which includes the use of TIF may not provide for the reimbursement of costs incurred prior to the approval of the plan, except for the preparation of the plan, preparation of the study, or preparation of a cost-benefit analysis.

This bill requires the TIF report to be filed by the redevelopment authority with the Property Tax Administrator each year, unless the report has been previously filed.

This bill requires that a redevelopment contract include a provision requiring all ad valorem taxes be paid before any tax increment financing may be received.

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

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

Major Objects of Expenditure

Table with columns for Class Code, Classification Title, and expenditure data for years 17-18, 18-19, and 19-20. Rows include Benefits, Operating Costs, Travel, Capital Outlay, Aid, Capital Improvements, and Total.

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

2017

LB⁽¹⁾ 95

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ CITY OF OMAHA

Prepared by: ⁽³⁾ TYLER LEIMER Date Prepared: ⁽⁴⁾ 1/20/2017 Phone: ⁽⁵⁾ (402) 444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2017-18</u> | | <u>FY 2018-19</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:

There would be a negative financial impact on the City as a result of at least 3 requirements suggested in LB 95.

1) Establishing an audit plan - Amendment to section 18-2102.01 (7). This requirement might require additional staff time, and possibly more than one staff person to accomplish the audit.

2) Sending Public Notices prior to the Planning Board public hearing - Amendment to section 18-2109 (2). The bill requires that a notice be published in the legal newspaper or general circulation of the community for two consecutive weeks at least 10 days prior to the the public hearing. Also, the bill requires another notice be sent out certified mail 30 days prior to the Planning Board public hearing to neighborhood associations within a 1-mile radius of the redevelopment plan area, in a manner requested by the association.

(We already provide notices to neighborhood associations and taxing jurisdictions within 2 weeks prior to the Planning Board public hearing for CRAs and TIF redevelopment project plans (I think all redevelopment plans).

3) Conduct a review and update of the Cost Benefit Analysis of redevelopment plans/TIF redevelopment project plans every 5 years - Amendment to section 18-2113 (3). The bill requires this review every 5 years without specifying what method to use for the analysis. The implication may be that a more in-depth analysis is conducted which may mean more staff time or paying a 3rd party.

- Also, there is a requirement for the Planning Board to hold public hearings, and to give public notice of these hearings to neighborhood associations within a 1-mile radius of the redevelopment plan area, in a manner requested by the association.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2017-18</u> | <u>2018-19</u> |
|-----------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>17-18</u> | <u>18-19</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |

Aid.....
Capital improvements.....
TOTAL.....

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

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

2017

LB⁽¹⁾ 95

FISCAL NOTE

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

Prepared by: ⁽³⁾ Sherry Wolf Drbal Date Prepared: ⁽⁴⁾ 1/31/17 Phone: ⁽⁵⁾ 402-441-8305

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2017-18</u> | | <u>FY 2018-19</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:

We anticipate that LB 95 will require additional staff time and possibly the hiring of additional staff to comply with the new auditing and reporting requirements. At this point, we cannot calculate the exact fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2017-18</u> | <u>2018-19</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>17-18</u> | <u>18-19</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |