PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 11, 2013 402-471-0051

LB 529

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	 3-14	FY 2014-15				
	EXPENDITURES	REVENUE	EXPENDITURES 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.

LB 529 amends the Community Development Law, Section 18-2116, regarding approval of a redevelopment plan and use of tax increment financing.

The bill adds new requirements regarding the percentage of real property that may be subject to tax increment financing as part of the criteria for approval of a redevelopment plan by the governing body of a municipality.

There could be some future impact to TEEOSA as a result of the limitations imposed by LB 529 but that would depend on the city and school districts affected. We are unable to estimate any impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 529 AM: AGENCY/POLT. SUB: City of Lincoln						
REVIEWED BY: Gary Bush DATE: February 5, 2013 PHONE: 471-4161						
COMMENTS: No basis to disagree with the City of Lincoln's estimate.						

LB⁽¹⁾ 529 FISCAL NOTE

State Agency OR Political Subdivision Name: (2)		Lincoln			
Prepared by: (3) Steve Hubka		Date Prepared: (4)	te Prepared: ⁽⁴⁾ 2/1/13		402 441-7412
	ESTIMATE PROVID	ED BY STATE AGEN	ICY OR POLITICAL	SUBDIVIS	ION
	FY 20 EXPENDITURES	013-14 REVENUE	EXPENDITU	<u>FY 2014</u> - RES	-15 REVENUE
GENERAL FUN	DS			·····	
CASH FUNDS		***			
FEDERAL FUN	DS				
OTHER FUNDS					
TOTAL FUNDS					
Return by date spe	ecified or 72 hours prior to public	hearing, whichever is ea	<u>rlier.</u>		

Explanation of Estimate:

For Lincoln, 1.5% (i) of the tax base is \$250.1M and 5% (ii) of the increment is \$833.8M - the thresholds in the bill. Lincoln is at about 1.26% of the criteria in (i) and 1.21% of the criteria in (ii). However, there are a lot of projects in progress that will rapidly get to the limit in (i) with a lot of potential increment to use up the limit in (ii). The bill would not have immediate impact but possibly be a limitation in the not too distant future. If the limitations come into play and future projects do not happen as a result, future city sales tax revenue would be negatively impacted and property taxes to all governmental subdivisions would be impacted after the TIF districts expire. Those amounts cannot be reasonably estimated.

	MAJOR OBJEC	TS OF EXPEND	DITURE		
Personal Services:					
	NUMBER OF POSITIONS		2013-14	2014-15	
POSITION TITLE	<u>13-14</u>	<u>14-15</u>	EXPENDITURES	EXPENDITURES	
Benefits					
Operating	•••				
Travel					
Capital outlay	• • •				
Aid	***				
Capital improvements	•••				
TOTAL					

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA: 02/08/2013							
Approved by: Douglas Ewald		Date Prepared:	02/07/2013		Phone: 471-5896		
	FY 201	3-2014	FY 201	4-201 <u>5</u>	FY 20	<u>15-2016</u>	
	Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue	
General Funds							
Cash Funds							
Federal Funds							
Other Funds							
Total Funds							

LB 529 would put limits on a redevelopment project (TIF project) being considered by a governing body (city council or Community Redevelopment Authority).

The total redevelopment project valuations (base values) for all redevelopment projects, including the redevelopment project value (base value) of redevelopment projects under consideration, cannot exceed 1.5% of the total taxable value of the city in the current tax year.

The total current valuation for the taxable real property in all of the governing body's redevelopment projects, minus the total redevelopment valuation for all redevelopment projects, cannot exceed 5% of the total taxable value of the city in the current tax year.

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

Major Objects of Expenditure								
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 <u>Expenditures</u>	
	Benefits.							
Travel								
Capital Outlay								
Aid								
Capital Improvemen	nts							
Total								