

Revised for AM3301

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$416,234	(\$900,000)	\$248,870	(\$900,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$416,234</b>	<b>(\$900,000)</b>	<b>\$248,870</b>	<b>(\$900,000)</b>

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

AM3191 strikes the original provisions of LB1344 and replaces it with the Creating High Impact Economic Futures (CHIEF) Act and provisions of LB1416.

The CHIEF Act does the following:

- Creates definitions under the act;
- Sets administration of the act within the Department of Economic Development (DED);
- Sets eligibility under the act;
- Allows for projects along with programs to be eligible under the act;
- Describes the requirements of proposals set to DED under the act;
- Sets the criteria by which DED must review the proposals;
- Proposals submitted subsequent to the first year shall be evaluated on performance of the prior year’s program or project, other resources developed, and continued need;
- Requires DED to approve or disapprove proposals within forty-five days after receipt of a completed application, requires DED to prepare and transmit a written agreement to approved or certified applicants;
- Enumerates the required documentation to be submitted to DED and allows DED to request additional documentation;
- Allows for individual taxpayers which make contributions to eligible programs or projects under the CHIEF act to be eligible for a 100% tax credit under the act;
- Enumerates and describes the tax credit schedule under the act, which is as follows:
  - o Individual - 100%;
  - o Married, file separate for a tax year in which they could have filed a joint return – 50%;
  - o Partnership, LLC, or S-Corp – 50%;
  - o Estate or trust – 50%;
  - o Corporation – 50%.
- Clarifies that the tax credit is a nonrefundable tax credit;
- Caps the credits under the act at a total of \$6,000,000 split among the Congressional Districts and caps the amount per program or project at \$150,000 in the First and Third Congressional Districts;
- Adds a definition of inland port district to the Good Life Transformational Projects Act;
- Caps the number of Good Life Districts at five, limits the number of Good Life Districts in a county with a population greater than 500,000 at one;
- Clarifies that students from another state who attend a Nebraska public or private university will not count as an out-of-state resident under the Good Life Transformational Projects Act;
- Restricts projects which received funds under the Shovel-Ready Capital Recovery and Investment Act from qualifying under the Good Life Transformational Projects Act and restricts projects which include any portion of a public or private university; and
- Allows for a Good Life District to be the size of an inland port district if one is located within an inland port district.

AM3301 makes the following amendments to the final reading copy of AM3191:

- Sets the operative date of the act for January 1, 2025;
- Amends the cap at \$900,000 per calendar year in 2025 and 2026 with \$300,000 for each congressional district;
- Amends the cap to \$3,000,000 per calendar year beginning in 2027 with \$1,000,000 for each congressional district; and
- Caps the credits per project or program at \$150,000 for the first and third congressional districts.

The duties for the Departments of Economic Development and Revenue are unchanged, however this would shift the operative date to calendar year 2025 instead of fiscal year 2024-25. As such we anticipate a reduction in costs related to personnel which is reflected.

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

2024

LB<sup>(1)</sup> 1344 AM3301

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Economic Development

Prepared by: <sup>(3)</sup> Dave Dearmont Date Prepared: <sup>(4)</sup> 4/5/2024 Phone: <sup>(5)</sup> 402-471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$269,090	(\$900,000)	\$248,870	(\$900,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$269,090</u>	<u>(\$900,000)</u>	<u>\$248,870</u>	<u>(\$900,000)</u>

**Explanation of Estimate:**

LB1344 as amended by AM3301, would add inland port districts as an additional geographic area that is eligible to be designated as an iHub upon the DED Director’s approval and opens up the program to application for new iHubs. The bill as amended also requires the director to approve or deny an iHub designation within 45 days. The bill would also allow for the termination of any iHub designation for any iHub that has not fully implemented the memorandum of understanding in section 81-12,110(4) within three years of its designation. Finally, the bill would end the restriction that prohibits iHubs in Omaha from being within three miles of another, provided that one of the iHubs is an inland port authority designated as an iHub.

As amended, LB1344 would also create the “Creating High Impact Economic Futures Act (CHIEF), in place of the Community Development Assistance Act (CDAA). Among the changes proposed in the CHIEF act, are changes in the definition of “community betterment organization” to add inland port authorities, agribusiness, or agricultural business entities, and iHubs. The definition of “economic redevelopment area” would be expanded to include economic redevelopment areas, enterprise zones, qualified census tracts, counties with a population of less than 10,000, and inland port districts. Eligible activities would also be expanded to include, operations of an inland port authority, operations of an agribusiness or agricultural business entity, construction, or operation of an accelerator program for technology companies, and operations of an iHub.

Under the CHIEF act, proposals from community betterment organizations for eligible programs or projects would be evaluated by DED based on the extent to which the proposed program or project will create or maintain jobs, provide youth sport participation, stimulate economic development, provide an economic benefit to the community development area, demonstrated involvement of community support for the program or project, private sector contributions, documented support by relevant local governments, and information as to whether the application is consistent with any existing community development plans. DED then has 45 days to approve or deny a completed application. If approved the project would be eligible to provide nonrefundable tax credits to contributors. The credits are 100% of the total contribution for individual taxpayers and 50% of the total contribution for taxpayers who are married filing separately, partnerships, LLC, S-corporations, C-corporations, and estates or trusts.

Under LB1344 as amended by AM3301, the CHIEF Act would begin on January 1, 2025. And for calendar years 2025 and 2026, the bill as amended would cap annual amount of tax credits under the act at \$300,000 per year per congressional district, or \$900,000 per year in total. Beginning in calendar year 2027, this would increase to \$1 million per year per congressional district, or \$3 million per year, in total. The maximum award for a single program or project would be limited to \$150,000 in congressional districts one and three.

LB1344 as amended would also change provisions of the Good Life Transformational Projects Act. Section 77-4403 would be amended to include good life districts that are qualified inland port districts located within a city of the metropolitan class. As amended, LB1344 would cap the number of good life districts to five statewide, and no more than one good life district in Douglas County, unless that district is within a qualified inland port district. The bill also amends Section 77-4405 to prevent counting out-of-state students who attend Nebraska universities as visitors for purposes of qualifying good life district applications. Proposed good life district projects would not be eligible if the project contains any portion of a public or private university. Nor would a project be eligible if the project received funds pursuant to the Shovel-Ready Capital Recovery and Investment Act or the Economic Recovery Act; however, this funding restriction does not apply to any project located in a qualified inland port authority. And finally, the bill as amended restricts the size of a good life district located within a qualified inland port authority to the size of the qualified inland port district.

DED estimates that the provisions of LB1344 as amended by AM3301 would require the services of an Economic Development Manager to manage the expanded program, and an additional Economic Development Business Consultant II to process the applications and tax credits due to the expansion of the CDAA tax credit into the CHIEF program in Program 604. Any additional responsibilities due to changes in the Good Life Transformational Projects Act, the Municipal Inland Port Authority Act, or the Nebraska Innovation Hub Act are expected to be minimal and can be handled by the increased staffing and resources. Operating costs include \$100,000 in one-time OCIO costs to develop a secure system to report tax credits to the Department of Revenue for processing and \$5,970 for additional office rent. Note that 2<sup>nd</sup> year personnel costs and benefits do not include an inflation adjustment. DED believes that approximately \$900,000 in tax credits will be awarded in 2025 and 2006.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	24-25	25-26	EXPENDITURES	EXPENDITURES
G49550 Econ. Dev. Manager	0.50	1.00	\$36,320	\$72,640
A49012 Econ. Dev. Bus. Consultant II	0.50	1.00	34,240	68,480
Benefits.....			24,690	49,390
Operating.....(Includes \$100,000 OCIO)			142,530	43,540
Travel.....			14,110	14,820
Capital outlay.....			17,200	0
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$269,090</b>	<b>\$248,870</b>