



A Bureau of Business Research Report  
From the University of Nebraska—Lincoln

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**Nebraska Job Creation and Economic Revitalization Act:  
Economic Impact and Creation of Residential and  
Commercial Space in 2020**

**Final Report**


Prepared for History Nebraska

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## **Executive Summary**

This report estimates the economic impact of projects that utilized the Nebraska Historic Tax Credit (NHTC) in 2020, as well as all projects that have utilized the program between 2015 and 2020. To conduct the analyses, relevant data from the Nebraska Department of Revenue were requested. The data were applied to the Preservation Economic Impact Model (PEIM) to derive an estimate of the economic impacts of expenditures made through the NHTC program. The analyses provide a look at the ways in which the NHTC has contributed to the restoration of historical properties and contributed to economic development in Nebraska. This report also examines the extent to which projects contributed to the revitalization of distressed areas of the state and contributed to workforce housing.

Tax credits claimed through the program represent revenue that the state has foregone in support of the program to date. As the economic impact analysis demonstrates, projects completed utilizing the NHTC program have had a variety of positive effects on the state economy.

### **Projects Completed and Approved between January 1, 2020 and December 31, 2020**

- A total of \$17.4 million in expenditures were reported for NHTC rehabilitation projects between January 1, 2020 and December 31, 2020.
- The Preservation Economic Impact Model (PEIM) estimated that these projects yielded a direct impact of \$13.0 million. Direct impacts include, for example, spending for labor and material purchases.
- The PEIM estimates a combined \$6.4 million indirect and induced impact. Indirect impacts include spending on goods and services by industries that produce the items purchased for the historic preservation activity. Induced impacts include expenditures made by the households of workers involved with the preservation activity.
- In sum, the PEIM estimates a total impact of \$19.5 million from projects approved in 2020.
- Rehabilitation projects supported the direct employment of 163 full time workers, with an additional 96 full time workers through indirect and induced effects. In total, rehabilitation projects using the NHTC program during this time supported 260 jobs in Nebraska.
- Rehabilitation projects had a total impact on wages of \$8.8 million.
- Rehabilitation projects in 2020 contributed about \$0.8 million in state and local taxes.

### **Cumulative Impact of NHTC Rehabilitation Projects (January 1, 2015-December 31, 2020)**

- Since the inception of the NHTC in 2015, expenditures on NHTC rehabilitation projects have totaled \$202.0 million.
- These projects have had a direct economic impact of \$151.4 million, and an indirect impact of \$74.8 million. The total impact has been \$226.2 million.
- Rehabilitation projects have supported the direct employment of 1,898 full time workers, with an additional 1,116 full time workers through indirect and induced effects. In total, rehabilitation projects using the NHTC have supported 3,014 jobs in Nebraska.
- Rehabilitation projects have resulted in a total impact on wages of \$101.6 million.
- Completed projects have contributed \$9.4 million in state and local taxes.

### **Projects in Distressed Areas of Nebraska (January 1, 2015-December 31, 2020)**

- To date, 70 of 71 projects examined in this report have been completed in what are now considered economically distressed areas of the state. Note that the areas considered distressed in the state change yearly, due to the definitions.
- Of the \$26.4 million in tax credit requests, all has been requested by projects that took place in distressed areas of the state.

## **1. Introduction**

This report provides estimates of the economic impact of the Nebraska Historic Tax Credit. This report serves as a follow-up to previous reports published in 2016, 2017, and 2018. Two analyses are conducted and presented within. First, the current report estimates the economic impact of projects that utilized the Nebraska Historic Tax Credit (NHTC). This analysis first focuses on projects that submitted required paperwork to the Nebraska Department of Revenue between January 1, 2020 and December 31, 2020.<sup>1</sup> Second, this report then considers the impacts of spending from all approved projects for which requisite paperwork has been submitted to the Department of Revenue between January 1, 2015 and December 31, 2020. This information is used to produce an aggregate estimate of the total effects of the NHTC to date. Finally, the analysis examines the nature of the projects, including the extent to which rehabilitation projects take place in economically distressed parts of the state.

## **2. Overview of the Nebraska Historic Tax Credit**

The NHTC was authorized by the Nebraska Job Creation and Mainstreet Revitalization Act (Nebraska Revised Statutes 77-2901 through 77-2912). The program offers a total of \$15 million in state historic preservation tax credits for each calendar year from 2015 to 2022. The program provides incentives for the redevelopment, rehabilitation, and revitalization of historic properties and districts in Nebraska, and encourages private investment in historic buildings. Such investment has a number of benefits, such as providing new uses for underutilized buildings, the creation of new housing units in potentially underserved areas, and the revitalization of communities in neighborhoods and downtown “main streets.” Ultimately, one of the primary goals of the program is to promote economic development and the creation of jobs across Nebraska. In order to qualify for the tax credit, a historic property must meet several criteria. The property must be listed individually in the National Register of Historic Places, located within a district listed in the National Register of Historic Places, listed individually under an approved local preservation ordinance, or located within a historic district designated under an approved local preservation ordinance. The property may qualify if it is in the process of being nominated or listed as a historic property in any of these cases.

There are a number of basic provisions of the NHTC as indicated in Nebraska Revised Statutes 77-2901 through 77-2912. There is a maximum of \$1 million in credits for a single project, with a dollar-for-dollar reduction in state income tax liability. Tax credits can be transferred with some limitations. Rehabilitation work must meet generally accepted preservation standards. Finally, detached, single-family homes and residences do not qualify. The minimum project investment must be the greater of \$25,000 or 25% of the property’s assessed value, for properties in Omaha and Lincoln. Elsewhere in Nebraska, project investment must equal or exceed \$25,000.

In accordance with Nebraska Revised Statute 50-1209, a performance audit of the NHTC must take place at least once every three years. The purpose of the performance audit is to assess whether incentive programs are: 1) strengthening the state’s economy overall by attracting new business to the state, expanding existing businesses, increasing employment, creating high-quality jobs, and increasing business investment; 2) revitalizing rural and other distressed areas of the state; 3) diversifying the

state’s economy and positioning Nebraska for the future by stimulating entrepreneurial, high-tech, and renewable energy firms; and 4) meeting any other program-specific goals found in the statutes for the tax incentive program being evaluated. The performance audit must also analyze the economic and fiscal impacts of the tax incentive program; assess whether adequate protections are in place to ensure the fiscal impact of the tax incentive does not increase substantially beyond the state’s expectation in future years; assess the fiscal impact of the tax incentive on the budgets of local government; and recommend any changes to statutes or rules and regulations that would allow the tax incentive program to be more easily evaluated in the future, including changes to data collection, reporting, sharing of information, and clarification of goals.

### 3. Data Collection and Estimation Procedures

To estimate the economic impacts of the NHTC, investigators relied upon the Preservation Economic Impact Model (PEIM). The PEIM was developed by leading researchers at the Center for Urban Policy and Research at Rutgers University. Characterized as an input-output model, the PEIM utilizes information about rehabilitation expenditures to generate estimates of the economic impacts of rehabilitation programs. Indices of economic impact include jobs, income, wealth (gross state product), outputs, and taxes. The model has been used to conduct annual economic impact estimates of the federal program by the National Park Service. A large number of states have utilized the PEIM to estimate the economic impacts of federal and state-level programs including Texas, Florida and Massachusetts. Nebraska’s regional peers that have recently utilized the PEIM to estimate economic impacts include Kansas<sup>2</sup> and Oklahoma<sup>3</sup>. The PEIM has shown that historic tax credit programs in these states have yielded considerable economic benefits. The authors of the current report have utilized the PEIM to estimate the impacts of the NHTC each year since 2015.

In order to use the PEIM to estimate the economic impacts of historic preservation incentives, specific pieces of information are required. First, the total project costs and the total expenditures eligible for the tax credit are required. In addition, the percentage of total cost allotted to 18 specific categories of construction is needed (see Table 1). The percentage of labor within each category is also required, though the PEIM allows for “default” values, computed by the PEIM based on national and regional data, to be entered into the model. It is important to note that developers are currently required to provide data on eligible expenditures to the Nebraska Department of Revenue (Part 4, Schedule 1). Such expenditures fall into three broad categories: Site Work, Work on Contributing Subject Property, and Additional Expenditures. It is possible to align the categories of expenditures listed on Part 4, Schedule 1 with the 18 categories of expenditures required for the execution of the PEIM (see Table 1 below).

Architecture and Engineering	Equipment	Metals
Attorney/Other	Finishes	Site work
Concrete	Furnishings	Special Construction
Conveying Systems	General Requirements	Specialties
Doors and Windows	Masonry	Thermal and Moisture
Electrical	Mechanical	Wood and Plastic

<sup>2</sup> [http://www.kshs.org/preserve/pdfs/kansas\\_40\\_page\\_report.pdf](http://www.kshs.org/preserve/pdfs/kansas_40_page_report.pdf)

<sup>3</sup> <http://www.okhistory.org/shpo/econimpact.pdf>

Table 2 below provides an illustration of how data collected from Part 4, Schedule 1, is mapped to the expenditure categories employed by the PEIM model.

<b>Table 2. Nebraska Department of Revenue Part 4/Preservation Economic Impact Model Crosswalk</b>	
<b>Nebraska Department of Revenue Part 4 Schedule 1</b>	<b>Applicable PEIM Expenditure Categories</b>
<b>Site Work</b>	
Site Grading and Excavation	Site work
Landscaping, Surface Parking, Roads, Sidewalks	Site work
Site Utilities	Site work
<b>Work on the Contributing Subject Property</b>	
Appliances	Furnishings
Cabinetry	Furnishings
Demolition	Special Construction
Doors	Doors and Windows
Electrical, Mechanical, Plumbing or Sprinkler Systems	Electrical
Foundation	Concrete
Interior Finishes	Finishes
Lighting	Electrical
Masonry	Masonry
Metal	Metals
New Construction (additions, bulkheads, etc.)	Special Construction
Roofing and Associated Decking, Insulation, Flashing	Thermal and Moisture
Signage	Specialties
Wood	Wood and Plastic
Windows	Doors and Windows
Vertical Movement Systems (elevators, stairs, etc.)	Conveying Systems
<b>Additional Expenditures</b>	
Accountant Fees	Attorney/Other Fees
Attorney Fees	Attorney/Other Fees
Architectural Fees, Engineering Fees	Architecture and Engineering Fees
Consultant Fees	Attorney/Other Fees
Contractor Fees	Attorney/Other Fees
Other	Attorney/Other Fees

#### **4. Estimates of Economic Impacts of the Nebraska Historic Tax Credit (Projects that Submitted Form 4 between January 1, 2020 and December 31, 2020)**

To estimate the most recent economic impacts of projects utilizing the NHTC, investigators requested data on projects that filed the necessary paperwork (Form 4) with the Nebraska Department of Revenue between January 1, 2020 and December 31, 2020, and that received approval from the Department of Revenue. In previous years (2015-2019), the Nebraska Department of Revenue has provided detailed expenditure breakdowns for projects that had filed necessary paperwork in the prior calendar year. However, because of work-from-home arrangements in that office in late 2020 and early 2021, Department of Revenue personnel were unable to provide detailed expenditure breakdowns listed in Table 2 above. Instead total expenditure data were provided for 2020. The data showed that a total of \$17.4 million dollars of expenditures in 2020. In the absence of receiving data on detailed expenditure categories, BBR personnel looked to historical patterns to derive estimates of spending across relevant categories in 2020. That is, the percentage of total spending comprised by each expenditure category



was identified and multiplied against the total expenditures. The results are provided in Table 3. Again, there were \$17.4 million of total expenditures (both eligible and non-eligible expenditures) approved during this time. Table 3 shows that, historically, “Electrical, Mechanical, Plumbing or Sprinkler Systems” have accounted for the largest share of NHTC expenditures (26.7%), followed by “Interior Finishes” (14.5%), and “Contractor Fees” (9.7%).

	<b>Total Expenditures</b>	<b>Percent of Total</b>
Site Grading and Excavation	\$68,459	0.4%
Landscaping, Surface Parking, Roads, Sidewalks	\$394,527	2.3%
Site Utilities	\$76,937	0.4%
Appliances	\$290,257	1.7%
Cabinetry	\$438,857	2.5%
Demolition	\$537,922	3.1%
Doors	\$430,650	2.5%
Electrical, Mechanical, Plumbing or Sprinkler Systems	\$4,646,204	26.7%
Foundation	\$185,460	1.1%
Interior Finishes	\$2,519,622	14.5%
Lighting	\$112,454	0.6%
Masonry	\$511,840	2.9%
Metal	\$415,512	2.4%
New Construction (additions, bulkheads, etc.)	\$0	0.0%
Roofing and Associated Decking, Insulation, Flashing	\$958,994	5.5%
Signage	\$27,931	0.2%
Wood	\$134,745	0.8%
Windows	\$554,541	3.2%
Vertical Movement Systems (elevators, stairs, etc.)	\$253,675	1.5%
Accountant Fees	\$61,563	0.4%
Attorney Fees	\$77,404	0.4%
Architectural Fees, Engineering Fees	\$738,019	4.2%
Consultant Fees	\$831,183	4.8%
Contractor Fees	\$1,679,351	9.7%
Other	\$1,445,152	8.3%
<b>Total</b>	<b>\$17,391,257</b>	<b>100.0%</b>

Using the data supplied by the Nebraska Department of Revenue, researchers then applied expenditure data to the data crosswalk to obtain spending categories required by the PEIM. Table 4 presents data on total expenses, grouped by the categories utilized in the PEIM estimation model.

As shown in Table 4, “Electrical” systems again historically comprise the largest percentage of expenditures (27.4%, or \$4.8 million), followed by “Contractor, Accountant, Attorney, Consultant, Other Fees” (23.5%, or \$4.1 million), and “Finishes” (14.5%, or \$2.5 million).

**Table 4. Application of Form 4 Expenditure Categories to PEIM Expenditure Categories Received January 1, 2020 and December 31, 2020**

	<b>Total Expenditures</b>	<b>Percent of Total</b>
Architecture and Engineering	\$738,019	4.2%
General Requirements	\$0	0.0%
Site Work	\$539,922	3.1%
Concrete	\$185,460	1.1%
Masonry	\$511,840	2.9%
Metals	\$415,512	2.4%
Wood and Plastic	\$134,745	0.8%
Thermal and Moisture	\$958,994	5.5%
Doors and Windows	\$985,191	5.7%
Finishes	\$2,519,622	14.5%
Specialties	\$27,931	0.2%
Equipment	\$0	0.0%
Furnishings	\$729,114	4.2%
Special Construction	\$537,922	3.1%
Conveying Systems	\$253,675	1.5%
Mechanical	\$0	0.0%
Electrical	\$4,758,658	27.4%
Contractor, Accountant, Attorney, Consultant, Other Fees	\$4,094,652	23.5%
<b>Total</b>	<b>\$17,391,257</b>	<b>100.0%</b>

Using these spending totals, researchers applied the figures to the PEIM to generate estimates of the economic impact of the projects. The results presented in Table 5 provide a detailed breakdown of the impact that these projects had on the Nebraska economy. The table shows that NHTC rehabilitation projects included in the analysis had a direct impact of \$13.0 million and a \$6.4 million indirect impact, for a total impact of \$19.5 million.

Rehabilitation projects supported the direct employment of 163 full time workers, with an additional 96 full time workers supported through indirect and induced effects. In total, rehabilitation projects using the NHTC during this time program supported 260 jobs in Nebraska.

Rehabilitation projects reported on during this time also had a considerable impact on worker salaries. As the table indicates, renovation projects resulted in \$6.5 million in wages and an additional \$2.2 million in wages through indirect and induced effects. The total impact on wages was \$8.8 million. Rehabilitation projects supported by the NHTC also contributed \$11.3 million to Nebraska's state gross product. Completed projects have contributed \$0.4 million in local taxes and an additional \$0.4 million in state taxes, for a total of \$0.8 million in state and local tax contributions.

**Table 5. Results of PEIM Analysis for Projects that Reported Form 4 to Nebraska Dept. of Revenue between January 1, 2020 and December 31, 2020**

	Output (000\$)	Employment (jobs)	Income (000\$)	Gross State Product (000\$)
<b>I. Total Effects (Direct and Indirect)</b>				
Private				
1. Agricultural	47.5	0	2.3	7.2
2. Agri. Service, Forestry and Fish	27.5	1	14.2	24.8
3. Mining	43.0	0	14.9	20.5
4. Construction	5,905.2	101	3,591.0	4403.1
5. Manufacturing	3,117.5	24	876.7	1,428.8
6. Transportation and Public Utilities	763.5	5	201.1	347.9
7. Wholesale	754.8	8	306.9	381.7
8. Retail Trade	1,360.3	40	502.4	774.4
9. Finance, Insurance, & Real Estate	1,435.5	14	489.2	896.8
10. Services	5,929.5	66	2,722.2	2,947.6
<b>Private Subtotal</b>	<b>19,380.7</b>	<b>259</b>	<b>8,720.9</b>	<b>11,232.7</b>
Public				
11. Government	94.0	1	28.4	43.9
<b>Total Effects (Public and Private)</b>	<b>19,478.8</b>	<b>260</b>	<b>8,749.3</b>	<b>11,276.6</b>
<b>II. Distribution of Effects/Multiplier</b>				
1. Direct Effects	13,034.1	163	6,543.3	7,994.8
2. Indirect and Induced Effects	6,440.7	96	2,206.0	3,281.8
3. Total Effects	19,474.8	260	8,749.3	11,276.6
4. Multipliers (3/1)	1.494	1.588	1.337	1.410
<b>III. Composition of Gross State Product</b>				
1. Wages-Net of Taxes				7,363.5
2. Taxes				1,545.6
a. Local				188.8
b. State				182.4
c. Federal				1,174.4
General				236.3
Social Security				938.1
3. Profits, dividends, rents, and other				2,367.5
4. Total Gross State Product (1+2+3)				11,276.6
<b>IV. Tax Accounts</b>	<b>Business</b>	<b>Household</b>	<b>Total</b>	
1. Income-Net of Taxes	7,363.5	8,749.3	--	
2. Taxes	1,545.6	1,779.7	3,325.3	
a. Local	188.8	212.2	401.0	
b. State	182.4	219.0	401.4	
c. Federal	1,174.4	1,348.5	2,522.9	
General	236.3	1,348.5	1,584.8	
Social Security	938.1	0.0	938.1	
<b>Effects Per Million Dollars of Initial Expenditure</b>				
Employment (Jobs)				14.9
Income				503,087
State Taxes				23,083
Local Taxes				23,056
Gross State Product				648,406
<b>Initial Expenditure in Dollars</b>				<b>17,391,257</b>

**5. Cumulative Impact of NHTC Projects (Projects that Submitted Form 4 between January 1, 2015 and December 31, 2020)**

Next, to obtain an estimate of the combined effects of all NHTC-related expenditures to date, investigators used expenditures from all projects reported on Form 4 to the Department of Revenue between January 1, 2015 and December 31, 2020. The results are presented in Table 6 below. As the table indicates, a total of \$202.0 million of expenditures (both eligible and non-eligible) were made on rehabilitation projects during this time.

**Table 6. Application of 2015 Form 4 Expenditure Categories to PEIM Expenditure Categories Received January 1, 2015 to December 31, 2020**

	2015-2016	2016-2017	2017	2018	2019	2020	Total Dollar Amount
Architecture and Engineering	\$1,456,978	\$2,278,645	\$828,565	\$2,132,614	\$1,136,054	\$738,019	\$8,570,875
General Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Work	\$2,087,865	\$2,182,661	\$248,452	\$800,207	\$411,201	\$539,922	\$6,270,308
Concrete	\$224,098	\$1,383,627	\$110,456	\$231,339	\$18,829	\$185,460	\$2,153,809
Masonry	\$1,725,632	\$1,099,115	\$432,382	\$1,273,828	\$901,383	\$511,840	\$5,944,180
Metals	\$1,874,547	\$1,545,422	\$536,281	\$247,002	\$206,724	\$415,512	\$4,825,488
Wood and Plastic	\$496,687	\$167,329	\$99,284	\$520,170	\$146,622	\$134,745	\$1,564,837
Thermal and Moisture	\$2,829,832	\$4,940,763	\$232,567	\$1,687,336	\$487,637	\$958,994	\$11,137,129
Doors and Windows	\$4,672,441	\$2,101,205	\$301,853	\$1,840,959	\$1,539,718	\$985,191	\$11,441,367
Finishes	\$9,075,648	\$4,349,809	\$1,570,673	\$8,801,954	\$2,943,542	\$2,519,622	\$29,261,248
Specialties	\$141,537	\$34,001	\$7,269	\$29,853	\$83,783	\$27,931	\$324,374
Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Furnishings	\$4,182,240	\$1,337,759	\$461,085	\$1,078,798	\$678,462	\$729,114	\$8,467,458
Special Construction	\$1,241,875	\$2,343,405	\$360,364	\$996,761	\$770,993	\$537,922	\$6,251,320
Conveying Systems	\$1,146,813	\$369,878	\$126,250	\$894,925	\$154,472	\$253,675	\$2,946,013
Mechanical	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electrical	\$19,858,070	\$8,808,443	\$1,677,082	\$15,374,957	\$4,786,755	\$4,758,658	\$55,263,965
Contractor, Accountant, Attorney, Consultant, Other Fees	\$16,160,083	\$5,841,559	\$2,414,230	\$13,368,372	\$5,669,497	\$4,094,652	\$47,548,393
<b>Total Expenditures</b>	<b>\$67,174,347</b>	<b>\$38,783,621</b>	<b>\$9,406,793</b>	<b>\$49,279,077</b>	<b>\$19,935,672</b>	<b>\$17,391,257</b>	<b>\$201,970,764</b>

Note: 2015-2016 refers to Jan. 1, 2015-July 28, 2016; 2-16-2017 refers to July 29, 2016-Jan. 24, 2017; 2017 refers to Jan. 25, 2017-Dec. 31, 2017; data for 2018, 2019, and 2020 refer to data from those calendar years.

The same procedures as described above were used to derive the PEIM estimates. Table 7 presents the combined effects of all spending that took place on projects reported to the Nebraska Department of Revenue by December 31, 2020. The analysis shows that the projects have had a direct impact of \$151.4 million, and an indirect impact of \$74.8 million. The total impact has been \$226.2 million. Rehabilitation projects have supported the direct employment of 1,898 full time workers, with an additional 1,116 full time workers supported through indirect and induced effects. In total, rehabilitation projects using the NHTC program during this time have supported 3,014 jobs in Nebraska. The impact of NHTC rehabilitation projects also positively impacted worker salaries. As the table indicates, the direct impact of renovation projects have resulted in \$76.0 million in wages and an additional \$25.6 million in wages through indirect and induced effects. The total impact on wages was \$101.6 million. Rehabilitation projects supported by the NHTC also contributed \$131.0 million to

Nebraska's state gross product. Notably, completed projects have contributed \$4.7 million in local taxes and an additional \$4.7 million in state taxes (\$9.4 million total).

<b>Table 7. Results of PEIM Analysis for All 2015 Projects that Reported Form 4 to Nebraska Dept. of Revenue between January 1, 2015 and December 31, 2020</b>				
	<b>Output (000\$)</b>	<b>Employment (jobs)</b>	<b>Income (000\$)</b>	<b>Gross State Product (000\$)</b>
<b>V. Total Effects (Direct and Indirect)</b>				
Private				
1. Agricultural	550.5	2	26.9	84.2
2. Agri. Service, Forestry and Fish	319.4	12	164.4	287.5
3. Mining	499.8	5	173.5	237.9
4. Construction	68,579.3	1,172	41,703.0	51,134.4
5. Manufacturing	36,204.3	277	10,180.8	16,593.0
6. Transportation and Public Utilities	8,867.2	58	2,335.6	4,040.1
7. Wholesale	8,765.4	89	3,564.5	4,432.4
8. Retail Trade	15,797.5	460	5,834.9	8,993.7
9. Finance, Insurance, & Real Estate	16,671.4	168	5,681.5	10,414.3
10. Services	68,820.1	764	31,614.0	34,231.5
<b>Private Subtotal</b>	<b>22,5074.9</b>	<b>3006</b>	<b>101,279.4</b>	<b>130,449.0</b>
Public				
11. Government	1,092.2	8	329.5	510.0
<b>Total Effects (Public and Private)</b>	<b>22,6167.1</b>	<b>3014</b>	<b>101608.9</b>	<b>130,959.0</b>
<b>VI. Distribution of Effects/Multiplier</b>				
1. Direct Effects	151,369.4	1,898	75,989.4	92,846.3
2. Indirect and Induced Effects	74,797.8	1,116	25,619.4	38,112.8
3. Total Effects	226,167.1	3,014	101,608.9	130,959.0
4. Multipliers (3/1)	1.494	1.588	1.337	1.410
<b>VII. Composition of Gross State Product</b>				
1. Wages-Net of Taxes				85,514.8
2. Taxes				17,949.4
d. Local				2,192.5
e. State				2,118.7
f. Federal				13,638.2
General				2,744.1
Social Security				10,894.1
3. Profits, dividends, rents, and other				27,494.9
4. Total Gross State Product (1+2+3)				130,959.0
<b>VIII. Tax Accounts</b>				
	<b>Business</b>	<b>Household</b>	<b>Total</b>	
1. Income-Net of Taxes	85,514.8	101,608.9	--	
2. Taxes	17,949.4	20,668.2	38,617.6	
d. Local	2,192.5	2,464.0	4,656.6	
e. State	2,118.7	2,543.3	4,662.0	
f. Federal	13,638.2	15,660.9	29,299.1	
General	2,744.1	15,660.9	18,405.0	
Social Security	10,894.1	0.0	10,894.1	
<b>Effects Per Million Dollars of Initial Expenditure</b>				
Employment (Jobs)				14.9
Income				503,087
State Taxes				23,083
Local Taxes				23,056
Gross State Product				648,406
<b>Initial Expenditure in Dollars</b>				<b>201,970,764</b>

## 6. Projects in Economically Distressed Areas

The present report also seeks to determine the impact of the NHTC on distressed areas of the state. To estimate the impact of the NHTC program upon distressed areas of the state, researchers looked to Nebraska statutes which rely upon measures of distress in the provision of services or programs. Three such statutes (NRS 77-5903; NRS 77-6302; NRS 12-153) provide a useful conceptualization. According to these statutes, characteristics of a “distressed” area include: a geographic area within a county or census tract area that has an unemployment rate that exceeds the statewide average; a per capita income below the statewide average per capita income; or a population decrease between the two most recent decennial federal censuses. According to this definition, if a census tract meets any one of these criteria, it is defined as distressed.

Researchers drew upon these conceptualizations to examine the characteristics of the census tract within which each rehabilitation project was completed. This was accomplished by first identifying the census tract for each rehabilitation project. Second, data from the 2019 American Community Survey (ACS) 5-Year estimates were obtained. Specifically, the unemployment rate, the median household income, and the population change from 2010 to 2019 were examined. The census tract-level unemployment rates and median household income data were then compared to the statewide average of these numbers. The population change variable was not compared to statewide numbers.

To better understand the details of the various projects approved and completed under the NHTC program, researchers delivered a tailored supplemental data sheet to developers who had the NHTC Part 3 Application approved sometime between January 1, 2015 and December 31, 2020. The supplemental data sheet was sent to developers. A copy of the supplemental data sheet is included in Appendix A. For the purposes of this report, data collected in 2020 were combined with data collected in 2016, 2017, 2018, and 2019. Therefore, the following results represent a cumulative look at the impact of the NHTC program on distressed and non-distressed areas of the state.

As Table 8 below indicates, there have been 71 projects with Part 3 Application approved, as of December 31, 2020. The majority of these projects (51) have been completed in Omaha, distributed across 12 census tracts in Douglas County. Six projects have been completed in Lancaster County. Fourteen projects in Greater Nebraska were also approved—one in Adams County, one in Cedar County, one in Dawes County, one in Hall County, two in Jefferson County, one in Madison County, one in Saline County, one in Saunders County, one in Sherman County, three in Thurston County, and one in Webster County.

Of the 27 census tracts within which approved rehabilitation work has been completed, 26 of the census tracts are classified as distressed according to the definitions used for this study. Note that Census Tract 74.05 is classified as distressed using 2017, 2018, 2019, and 2020 ACS data, whereas the tract was not classified as distressed in earlier years of this report. Likewise, five projects in Douglas County Tract 18, one project in Hall County Tract 10, and one project in Saunders County Tract 9685 were classified as occurring in non-distressed areas in 2019, but are now considered to have occurred in distressed areas.

Ultimately, the statistics show that 70 of the 71 rehabilitation projects have been completed in distressed areas of the state, while one project has occurred in non-distressed census tracts.

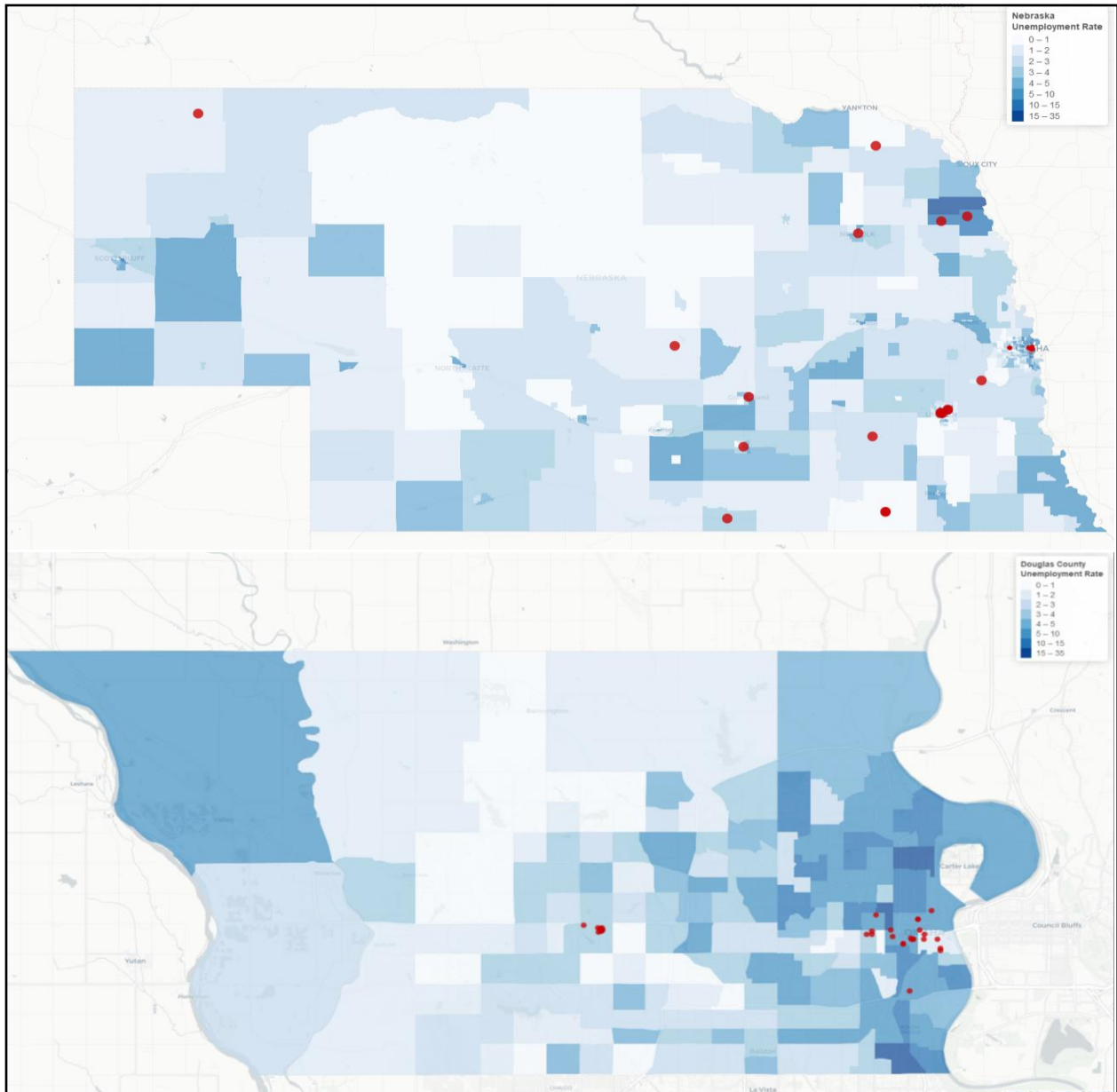
County	Census Tract	# of Rehab Projects	Unemployment Rate	Median Household Income	Population Change 2010-2019	Distressed?
Adams	9657	1	5.3	\$37,311	691	Yes
Cedar	9771	1	0.4	\$65,410	-422	Yes
Dawes	95.07	1	2.8	\$48,972	-618	Yes
Douglas	5	1	9.3	\$51,458	1,360	Yes
Douglas	16	3	7.9	\$28,542	812	Yes
Douglas	18	6	3.4	\$67,460	1413	Yes
Douglas	19	8	6.5	\$29,198	686	Yes
Douglas	24	1	2.6	\$50,227	10	Yes
Douglas	39	1	12.6	\$33,654	-2	Yes
Douglas	40	3	6.6	\$37,096	823	Yes
Douglas	43	4	3.0	\$47,529	-136	Yes
Douglas	48	1	4.6	\$53,559	-168	Yes
Douglas	50	1	6.5	\$39,556	-132	Yes
Douglas	51	1	10.6	\$35,302	-196	Yes
Douglas	74.05*	21	4.6	\$208,333	393	Yes
Hall	10	1	2.5	\$56,862	463	Yes
Jefferson	9638	2	4.3	\$29,779	-250	Yes
Lancaster	2.02	1	7.5	\$41,750	-79	Yes
Lancaster	3	1	5.7	\$34,507	741	Yes
Lancaster	5	3	10.8	\$27,531	266	Yes
Lancaster	19	1	3.3	\$28,963	904	Yes
Madison	9610	1	2.0	\$40,972	-574	Yes
Saline	9607	1	2.5	\$63,125	12	No
Saunders	9685	1	2.2	\$59,696	214	Yes
Sherman	9701	1	3.1	\$50,781	-111	Yes
Thurston	9401	3	13.1	\$51,212	-111	Yes
Webster	9651	1	2.4	\$40,000	-291	Yes
	<b>State Average</b>		<b>3.3</b>	<b>\$61,439</b>	<b>NA</b>	

\*This census tract includes Boys Town. Prior to the 2017 ACS, this census tract was not classified as distressed. All state-wide and census tract data were computed using the U.S. Census Bureau, 2019 ACS 5-Year Estimates. (<https://data.census.gov/>)

To further illustrate the distribution of NHTC projects in relation to indices of economic distress, three sets of maps are presented below. First, the location of NHTC projects are mapped against the unemployment rate at the census tract level across the state; darker shades of blue indicate higher rates of unemployment. The bottom half of the map presents the detail for Douglas County census tracts

within which NHTC projects were completed. The maps primarily illustrate the information contained in Table 8 above.

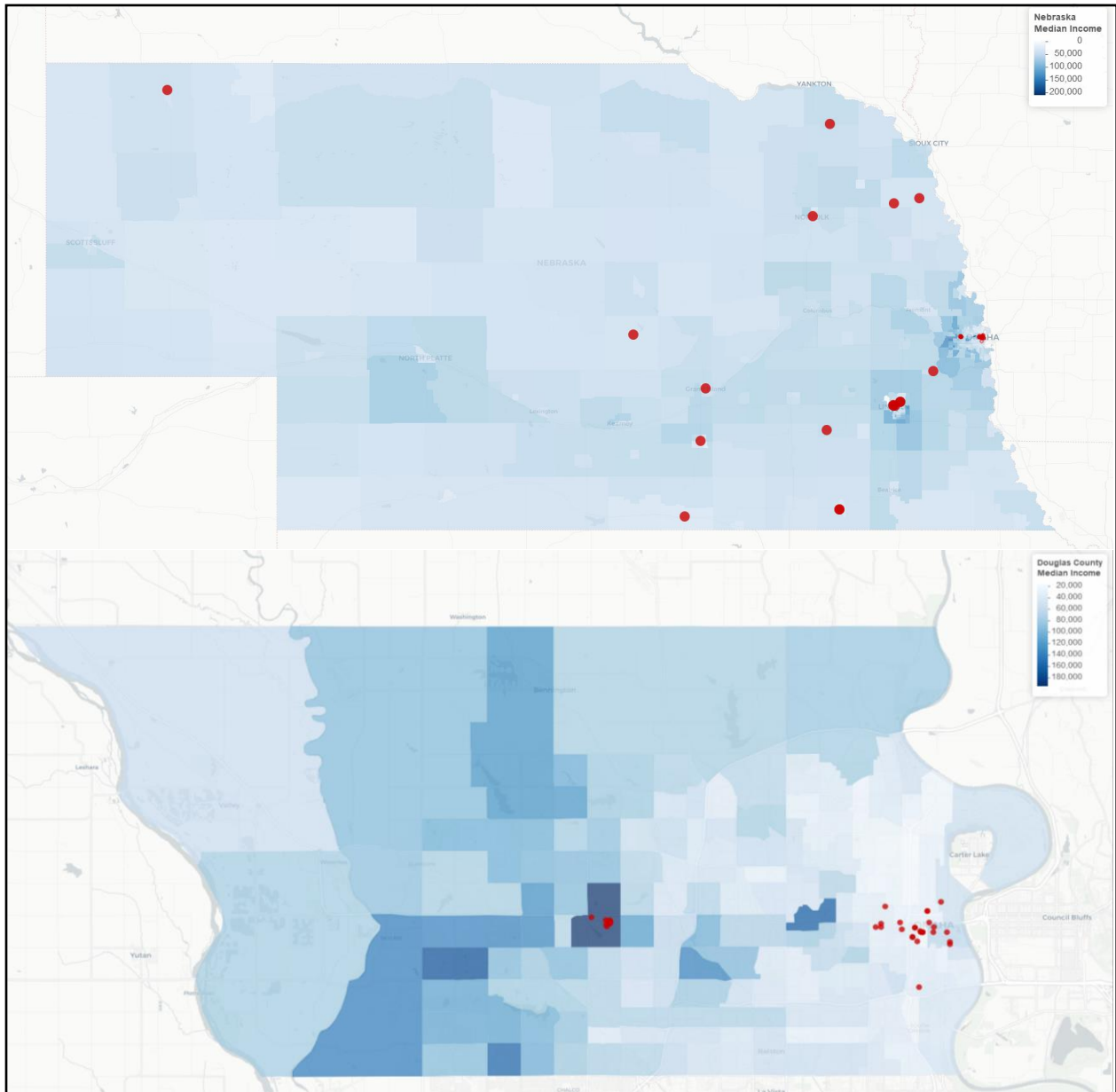
**Figure 1. NHTC Projects and Nebraska and Douglas County Census Tract Unemployment Rates**



Next, the same approach is taken to map the location of NHTC projects against median household income levels across the state. Once again, statewide information is presented on top, and Douglas County information is presented on the bottom. Here, darker shades of blue represent higher levels of median income. In Douglas County, many of the projects took place in locations with relatively low median income levels. However, a cluster of projects in central Douglas County were completed in a census tract with relatively high levels of income.

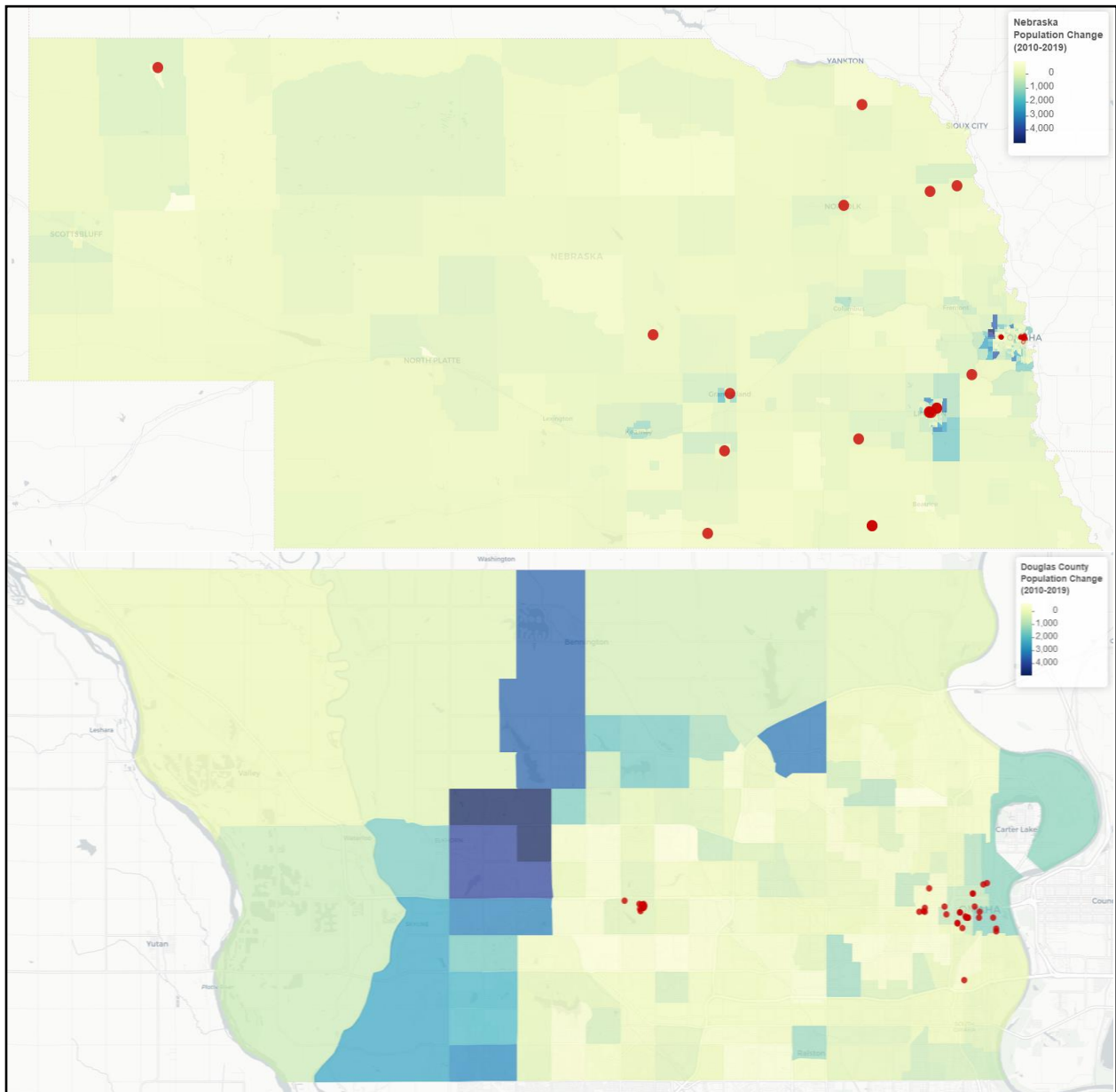


**Figure 2. NHTC Projects and Nebraska and Douglas County Census Tract Median Income Levels**



Finally, NHTC projects were mapped against population changes at the census tract level (see Figure 3). Once again, statewide data are plotted on top, and Douglas County data are plotted on the bottom. Consistent with the data presented in Table 8, many of the projects in the state have been completed in areas with slight gains in population, while some have been completed in census tracts with slight decreases in population.

**Figure 3. NHTC Projects and Nebraska and Douglas County Population Change**



**Types of Properties Developed through the NHTC Program.** Table 9 presents the types of rehabilitation projects undertaken within both distressed and non-distressed areas. Note that these analyses only represent the data from 51 projects whose developers responded to requests for data. As of 2020, the data show that all NHTC projects that provided data were completed in distressed areas of the state. The data show that 13 residential-only projects have been completed in distressed areas, with zero residential-only projects being completed in non-distressed areas. Three commercial-only projects have been completed, three in distressed areas and none in a non-distressed area. Ten total mixed-use projects have been completed in distressed areas. Two office-only projects have been completed in the

state, both in distressed areas. Twenty-three properties were rehabilitated for use by governmental or non-profit entities; again all of these properties were developed in distressed portions of the state.

	Residential	Commercial	Mixed Use	Office	Government/ Non-Profit
<b>Distressed</b>	13	3	10	2	23
<b>Non-Distressed</b>	0	0	0	0	0
<b>Total</b>	13	3	10	2	23

**Residential and Office Space Created.** To determine the extent to which rehabilitation projects may have contributed to economic development and housing options in distressed areas, we examined the total amount of tax credit-eligible expenditures, the number of market rate and low-income housing units developed, and retail and office square footage created by projects in economically distressed and non-distressed parts of the state between January 1, 2015 and December 31, 2020. Table 10 presents the results. As the table indicates, a total request of \$26.4 million in tax credits were made by developers of projects in distressed areas. In distressed census tracts, 776 market rate residential units have been created and 103 low-income residential units have also created for a total of 879 new housing units in distressed areas. With regard to retail and office space developed, a total of 133,213 square feet of commercial space was created across the state, all in distressed areas of the state.

	Final Tax Credit Request	Number of Market Rate Residential Units	Number of Low Income Residential Units	Total Number of Housing Units	Retail/Office Space Square Footage
<b>Distressed (n=31)</b>	\$26,408,330	776	103	879	133,213
<b>Non-Distressed (n=10)</b>	\$0	0	0	0	0
<b>Total</b>	\$26,408,330	776	103	879	133,213

**Sources of Financing.** Developers reported utilizing a mix of financing sources on projects completed between January 1, 2015 and December 31, 2020. All results refer to properties in distressed areas. Overall, 36 developers reported utilizing internal financing. Nineteen developers reported utilizing external financing, typically a mix of debt and equity financing. Eleven developers reported transferring tax credits to other entities. While these developers did not specify the entities to which the tax credits were transferred, it is likely that the tax credits were transferred to investors to generate financing for the rehabilitation effort.

	Used Internal Financing	Used External Financing	Tax Credits Transferred
<b>Distressed</b>	36	19	11
<b>Non-Distressed</b>	0	0	0
<b>Total</b>	36	19	11

**Utilization of Additional Programs.** To understand the extent to which developers utilize other incentive programs in addition to the NHTC, developers were asked to report whether they also received support from the Federal Historic Preservation Investment Tax Credit, the Low Income Housing Tax Credit, the Nebraska Valuation Incentive Program, Tax Increment Financing, or any other program. The results are presented below in Table 12. Once again, the data represent projects completed between January 1, 2015 and December 31, 2020. As the table indicates, 23 developers in distressed areas utilized the Federal Historic Preservation Investment Tax Credit. Two developers in distressed areas utilized the Low Income Housing Tax Credit and three developers utilized the Nebraska Valuation Incentive; no developers in non-distressed areas utilized these programs. Tax Increment Financing was widely used with 18 developers in distressed areas. Four developers reported utilizing additional programs without specifying which programs were utilized.

	<b>Federal Historic Preservation Investment Tax Credit</b>	<b>Low Income Housing Tax Credit</b>	<b>Nebraska Valuation Incentive Program</b>	<b>Tax Increment Financing</b>	<b>Other</b>
<b>Distressed</b>	23	2	3	18	4
<b>Non-Distressed</b>	0	0	0	0	0
<b>Total</b>	23	2	3	18	4

**Property Valuations and Employment.** While the reporting form asked developers to indicate the assessed values of properties before and after rehabilitation, there was wide variation in the extent to which developers reported this information. In numerous instances, developers reported pre-rehabilitation valuations but not post-rehabilitation figures, or vice versa. Therefore, it was not possible to compute a reliable change in valuations, and we chose not to report the valuation figures in this report due to the seeming unreliability of the numbers. Likewise, developers were asked to report the number of Nebraska/Local workers versus out of state workers. There was wide variation in the extent to which developers reported this information on the form. This information was, therefore, not utilized for the present report.

**Appendix A: Nebraska Historic Tax Credit Supplemental Data Sheet**

<b>Nebraska Historic Tax Credit Supplemental Data Sheet</b>			
<b>Rehabilitation Data</b>			
<b>SUBJECT PROPERTY</b>			
Name:			
Address:			
City:	County:		
<b>PROJECT DATA</b>			
Project Start Date:	Completion Date:	Placed in Service Date:	
Total Project Costs:			
Total Eligible Expenditures:			
Final Tax Credit Request:			
Assessed value of property before rehabilitation:			
Assessed value of property after rehabilitation (if known):			
<b>FUNDING DETAILS</b>			
Project Financed Internally?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
If Internal Project Financing was used:	<input type="checkbox"/> Debt	<input type="checkbox"/> Equity	
Project Financed Externally?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
If Private External Financing was used:	<input type="checkbox"/> Debt	<input type="checkbox"/> Equity	
Were tax credits transferred?			
<input type="checkbox"/> Yes		<input type="checkbox"/> No	
<b>OTHER PROGRAMS UTILIZED (TAX CREDITS, GRANTS, ETC)</b>			
Please indicate any other programs used in rehabilitation project (check all that apply):			
<input type="checkbox"/> Federal Historic Preservation Investment Tax Credit		<input type="checkbox"/> Low Income Housing Tax Credit	
<input type="checkbox"/> Nebraska Valuation Incentive Program		<input type="checkbox"/> Tax Increment Financing (TIF)	
<input type="checkbox"/> Other (please specify):			
<b>PROJECT USES</b>			
Property Uses Before Rehabilitation:			
<input type="checkbox"/> Residential	<input type="checkbox"/> Commercial (describe below)	<input type="checkbox"/> Mixed Use (describe below)	<input type="checkbox"/> Government
<input type="checkbox"/> Office			
Please describe:			
Property Uses After Rehabilitation:			
<input type="checkbox"/> Residential	<input type="checkbox"/> Commercial (describe below)	<input type="checkbox"/> Mixed Use (describe below)	<input type="checkbox"/> Government
<input type="checkbox"/> Office	<input type="checkbox"/> Nonprofit		

Please describe:		
If Residential, Number of Units <i>After</i> Rehabilitation:		
If Residential, Low-Moderate Income Units <i>After</i> Rehabilitation:		
If Commercial or Office, please indicate:		
Retail space square footage:	Restaurant/Bar square footage:	
Office space square footage:	Manufacturing space square footage:	
Hotel/Lodging (Number of Guest rooms):		
Will any part of the property be leased or subleased to any tax exempt entity?		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If yes, provide name of the tax exempt entity that will lease the property and the percentage of the property it will lease:		
<b>EMPLOYMENT</b>		
Indicate the percentage of full-time workers that completed the rehabilitation project (if known):		
Local/Nebraska Workers:		
Out of State Workers:		
Types of subcontractors employed and their business location:		
Form prepared by: Name, title, address, phone, email.		
Date prepared		

## **Appendix B: About the UNL Bureau of Business Research and Key Personnel**

### **A. The Bureau of Business Research**

The Bureau of Business Research is a leading source for analysis and information on the Nebraska economy. The Bureau conducts both contract and sponsored research on the economy of Nebraska and its communities including: 1) economic and fiscal impact analysis; 2) models of the structure and comparative advantage of the current economy; 3) economic, fiscal, and demographic outlooks, and 4) assessments of how economic policy affects industry, labor markets, infrastructure, and the standard of living. The Bureau also competes for research funding from federal government agencies and private foundations from around the nation and contributes to the academic mission of the University of Nebraska-Lincoln through scholarly publication and the education of students.

### **B. Key Personnel**

#### **Dr. Mitchel Herian – Lead Author**

Dr. Mitchel Herian serves as Project Director at the Bureau of Business Research, a faculty fellow at the University of Nebraska Public Policy Center, and an adjunct professor in the Political Science department at UNL. Dr. Herian has conducted applied research for agencies such as the U.S. Army, the National Aeronautics and Space Administration (NASA), the Nebraska Supreme Court, the Nebraska Department of Education, and the Kansas Department of Corrections. His research has received support from agencies including the National Science Foundation and the National Institute of Justice. Dr. Herian's research has been published in a variety of peer reviewed journals including the *Journal of Public Administration Research and Theory*, *American Review of Public Administration*, *Policy Studies Journal*, *State and Local Government Review*, and *Ecology & Society*.

#### **Dr. Eric Thompson – Co-Author**

Dr. Eric Thompson is the Director of the Bureau of Business Research and a Professor of Economics at the University of Nebraska-Lincoln. Dr. Thompson has conducted a broad group of economic impact studies including impact studies of Nebraska agriculture, Sandhill Cranes migration, the Nebraska the Nebraska child care industry, the Omaha Zoo, the Nebraska horseracing industry, Husker Harvest Days, and the UNL Athletic Department. Dr. Thompson also works on demographic projections, and analyses of economic development programs for Nebraska and cities in Nebraska. He also has conducted numerous economic impact studies for the Lincoln Partnership for Economic Development, the Greater Omaha Chamber, the Nebraska Department of Economic Development, various Nebraska industries, and Nebraska tourism attractions. Dr. Thompson's research has received support from the United States Department of Labor, the Robert Wood Johnson Foundation, the Center for Economic Analysis, the Nebraska Health and Human Services System, as well as Lincoln, Omaha, and Nebraska organizations and agencies. In his previous employment, Dr. Thompson served as the Director of the Center for Business and Economic Research and a Research Associate Professor of Economics at the University of Kentucky. Dr. Thompson received his Ph.D. in agricultural economics from the University of Wisconsin-Madison in 1992. His research fields include regional economics, economic forecasting, and state and local economic development. His research has been published in *Regional Science and Urban Economics*, the *Journal of Regional Science*, the *American Journal of Agricultural Economics*, and the *Journal of Cultural Economics*.