

ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016

COMMITTEE STATEMENT

LB884

Hearing Date: Friday January 22, 2016

Committee On: Revenue

Introducer: Scheer

One Liner: Change the Convention Center Facility Financing Assistance Act and the Sports Arena Facility Financing Assistance Act

Roll Call Vote - Final Committee Action:

Advanced to General File with amendment(s)

Vote Results:

Aye: 7 Senators Brasch, Gloor, Harr, Scheer, Schumacher, Smith, Sullivan

Nay: 1 Senator Davis

Absent:

Present Not Voting:

Verbal Testimony:

Proponents:

Senator Jim Scheer

Mayor Chris Beutler

Martin Bilek

Shane Weidner

Mayor Douglas Kindig

Michael Rogers

Mayor David Black

Mayor Donald Groesser

Jack Cheloha

Kathy McKillip

Lynn Rex

Representing:

Introducer

City of Lincoln

City of Omaha

City of Norfolk

City of LaVista; United Cities of Sarpy County

Gilmore & Bell

City of Papillion

City of Ralston

City of Omaha

Nebraska Tourism Commission

League of Nebraska Municipalities

Opponents:

Representing:

Neutral:

Tim Hruza

Representing:

Lincoln Independent Business Association

Summary of purpose and/or changes:

LB 884 would amend the Convention Center Facility Financing Assistance Act in Chapter 13, Article 26 and the Sports Arena Facility Financing Assistance Act in Chapter 13, Article 31 to provide more uniformity and flexibility regarding "state throwback sales tax" for our municipally owned convention centers and arenas. The Legislature passed these two Acts to incent the construction of arenas and convention centers to generate new economic activity as well as additional state and local taxes. Arenas and convention centers create new cultural and recreational opportunities for residents and non-residents alike.

Amendments to the Convention Center Facility Financing Assistance Act

LB 884 would create uniformity by amending the definition of an "associated hotel" in Section 13-2603(1) to enable

convention centers and arenas to receive 70 percent of state sales tax revenue collected by any such publicly or privately owned hotel which is located, in whole or in part, within 600 yards of the arena or convention center. Omaha currently receives state throwback sales tax collected by publicly owned "associated hotels" within only 200 yards of the convention center/arena. Lincoln currently receives state throwback sales tax collected by publicly or privately owned "associated hotels" within 450 yards of the arena.

Both arenas in Omaha and Lincoln currently receive 70 percent of the state sales tax revenue "collected by retailers and operators doing business at such facilities on sales at such facilities" as well as "state sales tax revenue collected on primary and secondary box office sales of admissions at such facilities."

State throwback sales tax may now only be used to pay back the principal and interest on bonds issued by the political subdivision to acquire, construct, improve and equip the convention center or arena until repayment in full, not to exceed \$75 million. LB 884 would amend Section 13-2604 to provide that state throwback sales tax could also be used to pay for capital improvements to the convention centers or arenas.

Current law provides that 10 percent of the 70 percent of state throwback sales tax appropriated to a city of the metropolitan class (Omaha) be "equally distributed to areas with a high concentration of poverty" to showcase important historical aspects of the areas or assist with the reduction of street and gang violence. LB 884 would amend Section 13-2610 to also give a city of the primary class (Lincoln) the option of investing 10 percent of its 70 percent state throwback sales tax "in areas with high concentration of poverty" to assist with low-income housing needs. The remaining 30 percent of such state sales tax revenue is appropriated to the Civic and Community Center Financing Fund primarily for qualifying grants to other municipalities across the state.

Amendments to the Sports Arena Facility Financing Assistance Act

The Ralston Arena is subject to the Sports Arena Facility Financing Assistance Act. Currently, Ralston receives 70 percent of the "new state sales tax revenue" collected by "nearby retailers" located within 600 yards of the arena. By definition under the Act, these retailers started collecting state sales tax during the period of time from 24 months prior to occupancy of the arena, and ending 24 months after occupancy of the arena. LB 884 would amend the definition of "new state sales tax revenue" in Section 13-3102(7) to extend the period of time from 24 months to 84 months after occupancy of the arena. This would provide Ralston with the opportunity to attract more retailers within the 600 yards for a few more years to generate additional retail sales subject to the state throwback sales tax.

Section 13-3108(6) and (7) currently provide that the total amount of state throwback sales tax approved for an eligible sports arena facility shall not exceed \$50 million or be paid out for more than 20 years after the issuance of the first bond. State throwback sales tax to the political subdivision shall end upon retirement of the bonds or when the amount reaches \$50 million, whichever comes first.

Like Lincoln and Omaha, Ralston currently receives 70 percent of the state sales tax revenue collected by retailers doing business at the arena on sales at the arena as well as state sales tax revenue collected on primary and secondary box office sales of admissions to the arena. The remaining 30 percent of such state sales tax revenue is appropriated to the Civic and Community Center Financing Fund primarily for qualifying grants to other cities and villages across the state.

For applications for state throwback sales tax submitted on or after the operative date of this Act, LB 884 would amend the definition of "nearby retailers" in Section 13-3102(6) to provide that such a retailer would be located within the "program area." Section 13-3102(9) would define "program area" to be the area that is located within 600 yards of the arena, except that if 25 percent or more of such area is unbuildable property, then the program area shall be adjusted in a way that avoids as much of the unbuildable property as is practical and contains the same amount of total square footage that the program area would have contained had no adjustment been necessary due to property located in a floodway, an environmentally protected area or right-of-way.

Explanation of amendments:

The amendment becomes the bill and makes changes to the green copy. Under the Convention Center Facility Financing Assistance Act as follows:

Omaha would receive sales tax turnback from privately owned associated hotels (currently only Lincoln receives the turnback from privately owned hotels); Clarifies that 600 yard limit is measured from any point of the exterior perimeter or that it could be within the program area if there is unbuildable property;

Adds the option for Lincoln to appropriate 10 percent of its funds to qualified low-income housing projects (Omaha currently has this authority).

Changes under the Sports Arena Facility Financing Assistance Act are as follows:

Clarifies that 600 yard limit is measured from any point of the exterior perimeter;

Adds an additional 48 months after the operative date to receive the sales tax turnback; For new projects approved on or after the effective date of the amendment, no more than 50 percent of the final cost may be funded through the turnback (i.e. public funds).

Mike Gloor, Chairperson