

Revised to reflect updated property appraisal information.

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 | | (544,000) See below | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | (544,000) | | |

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

LB56, enacted in 2015, required the Director of Administrative Services to cause a survey of the property which comprises the Norfolk Regional Center. The bill further provided that the Director of Administrative Services, in consultation with the Department of Health and Human Services, was to determine what portion of the surveyed property was not needed for state purposes. Notwithstanding the provisions of sections 72-811 to 72-818 (relating to vacant state buildings and excess state land), the Director of Administrative Services was subsequently to submit a report to the Legislature and Governor and request authorization to give the Northeast Community College Area the right of first refusal to purchase, at its appraised value, the portion of the property not needed for state purposes. LB56 required approval of the Legislature (or Executive Board if the Legislature is not in session) and the Governor to give such right of first refusal to the Northeast Community College Area.

LB660 (Sec. 37), also enacted in 2015, appropriated \$1,000,000 from the Nebraska Capital Construction Fund to the Department of Administrative Services to abate and remove hazardous materials; demolish and remove buildings; and, demolish and remove infrastructure from the Norfolk Regional Center property.

The Department of Administrative Services (DAS) indicates property remediation, survey and appraisal costs of \$652,785 have been incurred relating to the Norfolk Regional Center property. As directed by LB56 [2015], 43.55 acres of the Norfolk Regional Center have been determined to be in excess of the needs of the state. The property has been appraised at \$544,000. Under current law, proceeds from sale of the property are to accrue to the Vacant Building and Excess Land Cash Fund which is administered by the State Building Division of DAS.

LB376 provides that the Director of Administrative Services (within 30 day of the effective date of the bill if it is enacted) is to submit a request to the Legislature and the Governor asking for authorization to transfer the 43.55 acres (of the Norfolk Regional Center property) to the Northeast Community College Area as a donation. If such a request were to be granted by the Governor and Legislature, no proceeds from the sale of the related property would accrue to the Vacant Building and Excess Land Cash Fund. The related estimate of the cash fund revenue loss detailed in the table above is based upon the \$544,000 appraised value of the property.

In the case of current law, the prospect exists that the Northeast Community College Area may ultimately exercise a right of first refusal to purchase the Norfolk Regional Center property for \$544,000 (appraised value). Under provisions of LB376, the prospect exists that the property may be conveyed to the Northeast Community College Area as a donation. Either prospect requires future approval of the Governor and the Legislature (or Executive Board if the Legislature is not in session). In either case, such approval or lack thereof cannot be predicted. Even if approval were granted to give the Northeast Community College Area a right of first refusal to purchase the property for \$544,000, presumably Northeast could elect not to exercise the right. As such, the fiscal impact of LB376 as it relates to the Northeast Community College Area is indeterminate. Provisions of LB376, if enacted, represent a prospect that the Northeast Area might acquire the Norfolk Regional Center property for \$544,000 less than what possibly may be the case under current law. However, this prospect is ultimately uncertain given unknown future gubernatorial and legislative actions.