PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 10, 2017 402-471-0051

LB 97

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	l 7-18	FY 2018-19				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$55,000)		(\$138,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$55,000)		(\$138,000)			

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

LB 97 creates the Riverfront Development District Act.

This Act would allow a city of the metropolitan, primary, first, or second class to create a riverfront development district by ordinance. The district must be entirely within the city boundaries and may not extend more than one-half mile from the edge of the river.

For purposes of LB 97, "river" is defined as the Missouri River, Platte River, North Platte River, South Platte River, Republican River, Niobrara River, Loup River, Elkhorn River, North Loup River, Middle Loup River, South Loup River, North Fork of the Elkhorn River, or Big Blue River.

The mayor of a city creating a riverfront development district is to appoint, with the approval of the city council, an authority consisting of five or more members to manage the district.

The authority has a number of powers including the ability to enter into contracts; invest the money of the authority; enter into interlocal agreements; create and implement development and redevelopment plans within the district's boundaries; acquire, construct and operate public off-street parking; improve public places or facilities within the district's boundaries; construct pedestrian shopping malls, plazas, sidewalks, parks, meeting facilities, bus shelters, lighting, benches, etc.; enforce parking regulations and security; employ agents and employees; fix and collect rents and charges; issue bonds by resolutions; and a number of other powers.

In addition, the authority's real property, income and operations are exempt from all taxation by the state or any political subdivision of the state.

The city may levy a general business occupation tax upon the businesses and users of space with a riverfront development district or the city may levy a special assessment against the real estate within a riverfront development district.

A riverfront development district may be dissolved 60 days after passage of an ordinance of dissolution and any remaining assets would become the assets of the city.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB 97:

FY2017-18: (\$ 55,000) FY2018-19: (\$ 138,000) FY2019-20: (\$ 165,000)

The Department indicates the cost to implement the provisions of LB 97 to be minimal.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The city of Omaha has estimated a cost of \$165,930 for FY2017-18 and \$168,120 for FY2018-19 for initial start-up costs for a riverfront development district.

We have no basis to disagree with the city of Omaha's estimate.

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 97 AM: AGENCY/POLT. SUB: City of Omaha

REVIEWED BY: Gary Bush DATE: 1/24/17 PHONE: (402) 471-4161

COMMENTS: No basis to disagree with the limited information provided by the City of Omaha. It is likely, given the information provided, that the costs to the City will be higher than expressed.

LB 97 Fiscal Note 2017

State Agency Estimate							
of Revenue				Date Due LFA:	2/10/2017		
	Date Prepared:	2/9/2017		Phone: 471-5896			
FY 2017-2018 FY 2018-2019		-2019	FY 2019-2020				
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
\$0	(\$55,000)	\$0	(\$138,000)	\$0	(\$165,000)		
\$0	(\$55,000)	\$0	(\$138,000)	\$0	(\$165,000)		
	Expenditures \$0	Date Prepared:	Date Prepared: 2/9/2017 FY 2017-2018 FY 2018 Expenditures Revenue Expenditures \$0 (\$55,000) \$0	Date Prepared: 2/9/2017 FY 2017-2018 FY 2018-2019 Expenditures Revenue Expenditures Revenue S0 (\$55,000) \$0 (\$138,000)	Date Prepared: Date Due LFA: Date Prepared: 2/9/2017 Phone: 471-5896 FY 2017-2018 FY 2018-2019 FY 20 Expenditures Revenue Expenditures Expenditures \$0 (\$55,000) \$0 (\$138,000) \$0		

LB 97 would create the Riverfront Development District Act. A city may create a riverfront development district by ordinance. The district must be wholly within the city and cannot extend more than a half-mile from the edge of the river or rivers. The district is to be managed by an authority of five or more people who are appointed by the mayor and approved by the city council. Two or more cities may jointly manage the districts created by them using a single authority through interlocal agreement.

The authority has the power to enter into contracts, procure insurance, make improvements within the district, acquire or construct offstreet parking, construct shopping malls or plazas, employ agents or employees, charge and collect fees for services, acquire real property, charge rents, receive funding through grants and loans, and issue bonds. The authority may pledge the revenue of the authority or mortgage its property to secure the bonds. The city may levy a general business occupation tax on businesses and users of space within the district to pay the expenses of the district. If the riverfront development district overlaps with a business improvement district that has an occupation tax, the city cannot impose the occupation tax in the area that overlaps. The city may also levy a special assessment on real property within the district to the extent of special benefit to pay the expenses of the district, but if there is a business improvement district that overlaps with the riverfront development district with a special assessment, the city cannot impose the special assessment in the area that overlaps.

The property of the district would be exempt from property taxes, the purchases of the district would be exempt from sales and use taxes, and the interest of the bonds issued by the district would be exempt from income tax.

The authority's records and documents are public records and the authority is to provide quarterly reports to the city. A district may be dissolved 60 days after passage of an ordinance of dissolution. The assets of the authority would become assets of the city.

Major Objects of Expenditure							
Class Code	Classification Title	17-18 <u>FTE</u>	18-19 <u>FTE</u>	19-20 <u>FTE</u>	17-18 Expenditures	18-19 <u>Expenditures</u>	19-20 Expenditures
	Benefits						
Operating Costs	Operating Costs.						
Travel	Travel						
Capital Outlay	Capital Outlay						
Aid							
Capital Improvemen	its						

LB 97, page 2 Fiscal Note 2017

Assuming one district is created within a year of the effective date, the Department estimates the reduction to the General Fund would be as follows:

FY 2017-2018	\$ 55,000
FY 2018-2019	\$ 138,000
FY 2019-2020	\$ 165,000
FY 2020-2021	\$ 193,000

LB 97 is estimated to incur minimal costs to the Department.

TOTAL.....

LB ⁽¹⁾ 97					FISCAL NOTE
State Agency OR Politic	cal Subdivision Name: (2)	CITY OF OMAHA			
Prepared by: (3) TY	/LER LEIMER	Date Prepared: (4)	1/20/2017	Phone: (5)	(402) 444-4514
	ESTIMATE PROVID	ED BY STATE AGENO	CY OR POLITICAL	SUBDIVISIO)N
	FY <i>9</i>	2017-18		FY 2018	-19
	EXPENDITURES	REVENUE	EXPENDIT		REVENUE
GENERAL FUNDS	\$165,930		\$168,1	20	
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	<u>\$165,930</u>		<u></u> \$168,1	20	
D	BREAKDOW	N BY MAJOR OBJECT	S OF EXPENDIT	<u>URE</u>	
Personal Services: POSITION TITLE		MBER OF POSITIONS 17-18 18-19	S 2017-1 EXPENDIT		2018-19 EXPENDITURES
Benefits			<u></u>		
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements	S				