PREPARED BY: DATE PREPARED: PHONE: Keisha Patent September 19, 2019 402-471-0059

LB 187

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised for clarification

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	9-20	FY 2020-21					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS		See below		See below				
CASH FUNDS	See below		See below					
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	See below	See below	See below	See below				

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

LB 187 amends the Sports Arena Facility Financing Assistance Act to add "sports complex, including concession areas, parking facilities, and onsite administrative offices connected with operating the sports complex" to the definition of eligible sports arena facility. "Sports complex" is defined as a facility that (1) includes indoor areas, outdoor areas, or both, (2) is primarily used for competitive sports, and (3) contains at least a certain number of separate sports venues, depending on the size of city or village, including, but not limited to, baseball, softball, soccer, football, an outdoor stadium, and outdoor arena, or an enclosed, temperature-controlled building.

The bill also changes several applicable dates referring to occupancy to the project completion date, including the date for determining new sales tax revenue.

Revenue:

The Department of Revenue estimates the fiscal impact on the General Fund and Cash Funds is unknown and contingent on the number of future qualifying sports complex facility projects, but depending on the location and nearby businesses, the reduction in state sales tax revenue could be significant. We agree that the fiscal impact of LB 187 will be dependent upon the location of each facility, surrounding businesses' sales tax collections, and the total number of facilities that qualify for incentives under the bill. It is not possible to determine the total fiscal impact due to these factors.

The department notes that, for comparison purposes, pursuant to the Sports Arena Facility Financing Assistance Act and Convention Center Facility Financing Assistance Act, for three current projects, a total of \$11.7 million was transferred in FY 17-18. For example, the Ralston Arena, the smallest of the three and an approved facility under the Sports Arena Facility Financing Assistance Act, generated \$3.78 million in sales tax pursuant to the act in FY 17-18, of which \$2.65 million was state assistance and \$1.13 million was deposited in the Civic and Community Center Financing Fund. We estimate that, for each new sports complex under LB 187, the amount transferred is likely to be less than for each of the currently-approved facilities, as each project will likely be of a smaller scale. However, the overall fiscal impact could be substantial based on the number of approved facilities.

Expenditures:

The Department of Revenue estimates minimal costs to implement the provisions of the bill.

There is no basis to disagree with this estimate.

LB 187 Fiscal Note 2019

State Agency Estimate								
State Agency Name: Department of	of Revenue				Date Due LFA:	1/28/19		
Approved by: Tony Fulton		Date Prepared:	1/22/19		Phone: 471-5896			
	FY 2019-2020		FY 2020-2021		FY 2021-2022			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		See below		See below		See below		
Cash Funds	See below		See below		See below			
Federal Funds								
Other Funds								
Total Funds	See below	See below	See below	See below	See below	See below		
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LB 187 would amend Neb. Rev. Stat. § 13-3102 (the Sports Arena Facility Financing Assistance Act) to expand the definition of "eligible sports arena facility" to include "sports complexes," including concession areas, parking facilities and offices. Sports complex means a facility that includes indoor or outdoor areas which are primarily used for competitive sports and contains more than one separate sports venues, which could be baseball, soccer, football, an outdoor stadium, an indoor arena, or a multipurpose field, meaning a rectangular field of grass or turf used for competitive sports. If the sports complex is in a metropolitan class city, there must be at least 12 separate venues, if a primary class city, eight separate venues, and for any other city or village, four.

Unlike sports arenas currently, the sports complex does not have to be publicly owned, and there is no minimum or maximum seating capacity. A political subdivision would still have to issue a bond or adopt a resolution to acquire an eligible facility.

As a result of including sports complexes, the dates for determining the new sales tax revenues for a sports complex refers to the project completion date, rather than an occupancy permit, and the 600-yard limit for measuring nearby retailers would be expanded because it is measured from the edge of fields and administrative offices. Further harmonizing changes include calling the applications requests for funding projects rather than eligible sports arena facilities.

The revenue impact on the General Fund and Cash Funds are unknown and contingent upon future qualifying sports complex facility projects. Depending on the location of these projects and the nearby businesses, there is potential for a significant reduction in state sales tax revenue. For comparison purposes, \$11.739 million was transferred during fiscal year 2017-2018 under the terms of the Sports Arena Facility Financing Assistance Act and the Convention Center Facility Financing Assistance Act for three current projects.

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
	Benefits						
Operating Costs							
Capital Outlay							
Total							