PREPARED BY: DATE PREPARED: PHONE: Keisha Patent January 24, 2019 402-471-0059

LB 57

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2019-20		FY 2020-21			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS		See below		See below		
CASH FUNDS		See below		See below		
FEDERAL FUNDS						
OTHER FUNDS		See below		See below		
TOTAL FUNDS		See below		See below		

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

LB 57 prohibits cities and villages from adopting or enforcing ordinances or regulations prohibiting short-term rentals of certain residential property, including single-family homes or condominium units. The bill allows cities and villages to adopt and enforce ordinances to (1) protect the public's health and safety, (2) impose sales or occupation taxes if permitted by law, (3) regulate land use regarding zoning, nuisances, and maintenance, and (4) prohibit short-term rentals if the law limits or prohibits their use for certain purposes. LB 57 specifies that these provisions do not affect regulations of private entities, including homeowners associations organized under the Condominium Property Act or Nebraska Condominium Act.

The bill defines "online hosting platform" as a marketplace connected by a computer through which a seller or hotel operator may rent any room or accommodations in a hotel, motel, inn, etc.; the accommodations may be advertised or listed; and the occupant may arrange for the occupancy. LB 57 permits the Tax Commissioner to enter into any agreement with an online hosting platform for the online hosting platform to collect and remit applicable state and local sales tax and lodging tax on behalf of any seller or hotel operator otherwise required to collect such taxes for transactions conducted through the platform. Upon entering the agreement, the Tax Commissioner must waive the tax collection responsibility of the seller or hotel operator for transactions conducted through the platform. The online hosting platform must report aggregate information on their tax return of all transactions subject to the agreement and must give written notice of the agreement to each seller or hotel operator covered by the agreement.

LB 57 clarifies specific enforcement provisions for the Department of Revenue to collect sales and lodging tax for short-term rentals made through an online hosting platform. While it is difficult to estimate the level of compliance for sellers or operators using an online hosting platform under current tax law, as a result of the provisions of LB 57, there could be some additional revenue to the General Fund, and to cities and counties from local option sales tax and lodging tax. It is likely the total impact is less than \$500,000.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 57	AM:	AGENCY/POLT. SUB: City of L	incoln		
REVIEWED	BY: Neil Sullivan	DATE: 1/23/2019	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the City of Lincoln estimate of indeterminate fiscal impact from LB 57 related to taxation of short-term rentals.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 57	AM:	AGENCY/POLT. SUB: City of 0	Omaha		
REVIEWED	BY: Neil Sullivan	DATE: 1/16/2018	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the City of Omaha estimate of no current fiscal impact from LB 57. There is potential for future fiscal impact if ordinance imposing or enforcing short-term rental taxation were adopted.					

LB 57 Fiscal Note 2019

State Agency Estimate						
State Agency Name: Department of Revenue					Date Due LFA:	1/24/19
Approved by: Tony Fulton	Date Prepared: 1/23/19 Phone: 471-5896					
	FY 2019-2020 FY 2020-2021		FY 2021-2022			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal

LB 57 would prohibit cities, villages, or counties from adopting or enforcing an ordinance that prohibits short-term rentals of single-family dwellings or condominium units or otherwise restricts their use. LB 57 has exceptions for ordinances or resolutions designed to protect the public health of the community or for regulations covering zoning, noise, or minimum property maintenance.

LB 57 would redefine an "online hosting platform" as a marketplace connected by a computer through which a seller or hotel operator may rent out accommodations in a hotel, motel, inn, etc. and the occupant may arrange for the occupancy. The Tax Commissioner may enter into an agreement with an online hosting platform to collect and remit sales taxes, local sales taxes, and lodging taxes on behalf of the hotel operator for the transaction executed through the online hosting platform and waive the collection responsibility of the seller for taxes for transactions for which the online hosting platform has accepted responsibility.

If an agreement is reached, the online hosting platform must give written notice to each hotel operator covered by the agreement. Upon execution of such an agreement, the online hosting platform must report aggregate information on a tax return provided by the Tax Commissioner.

The operative date is September 6, 2019.

LB 57 will result in a minimal positive impact on the General Fund revenues.

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.							
Travel							
Capital Outlay							
Capital Improvements.							

LB ⁽¹⁾ 57			FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	City of Lincoln		
Prepared by: (3) James Van Bruggen	Date Prepared: (4)		ne: (5) 441-8301
ESTIMATE PROV	VIDED BY STATE AGE	NCY OR POLITICAL SUBI	DIVISION
FY	<u> 2019-20</u>	FY	2020-21
EXPENDITURE		EXPENDITURES	REVENUE
GENERAL FUNDS	<u>_</u>		
CASH FUNDS			
FEDERAL FUNDS	_		
OTHER FUNDS			
TOTAL FUNDS			
	=		
Explanation of Estimate:			
estimate of revenue would be incomplet	te.		
	WN BY MAJOR OBJEC	TS OF EXPENDITURE	
Personal Services:	NUMBER OF POSITION	NS 2019-20	2020-21
POSITION TITLE	<u>19-20</u> <u>20-21</u>	EXPENDITURES	<u>EXPENDITURES</u>
		_	
Benefits			
Operating			
Travel			
Capital outlay			
Aid			
Capital improvements			
TOTAL			

LB ⁽¹⁾ 57			FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	CITY OF OMAHA		
Prepared by: (3) TYLER LEIMER	Date Prepared: (4)	1/18/2019 Phon	ne: (5) 402-444-4514
ESTIMATE PROV	IDED BY STATE AGEN	ICY OR POLITICAL SUBI	DIVISION
FY	2019-20	FY	<u>2020-21</u>
EXPENDITURES		EXPENDITURES	REVENUE
GENERAL FUNDS			
CASH FUNDS			
FEDERAL FUNDS			
OTHER FUNDS	-		
TOTAL FUNDS	-		
	=		
BREAKDOV	VN BY MAJOR OBJECT	S OF EXPENDITURE	
Personal Services:			
POSITION TITLE	UMBER OF POSITIONS	S 2019-20 EXPENDITURES	2020-21 EXPENDITURES
Benefits		<u> </u>	
Operating			
Travel			
Capital outlay			
Aid			
Capital improvements			
TOTAL			