

PREPARED BY: Scott Danigole
 DATE PREPARED: April 06, 2022
 PHONE: 471-0055

LB 927

Revision: 01

Updated for all amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$2,950,000)		(\$3,100,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$2,950,000)		(\$3,100,000)

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

LB 927 amends the Convention Center Facility Financing Assistance Act.

As amended (section references are relative to ER166), LB 927 defines “nearby parking facility” as any parking lot, parking garage, or other parking structure that is no directly connected to a convention and meeting center facility but is located in whole or in part, within 600 yards of such facility.

Section 2 allows any political subdivision to acquire, construct, improve, or equip nearby parking facilities with state assistance under the Act.

Section 3 increases the distance utilized for eligible facilities under the Convention Center Facilities Financing Assistance Act from 600 yards to 1,200 yards.

Section 4 amends section 13-2610 so the maximum approved amount for any one project is raised from seventy-five million dollars to one hundred fifty million dollars.

Section 7 amends the Sports Arena Facility Financing Assistance Act by defining “nearby parking facility” as any parking lot, parking garage, or other parking structure that is not directly connected to an eligible sports arena facility buy which is located, in whole or in part, within seven hundred yards of such facility.

Section 10 raises the maximum approved amount for an eligible sports arena facility from fifty million dollars to one hundred million dollars.

The Department of Revenue estimates the provisions of LB 927 will result in General Fund Revenue losses of \$2,950,000 in fiscal year 2022-23, \$3,100,000 in fiscal year 2023-24, and \$3,250,000 in fiscal year 2024-25. The provisions redefining “nearby parking facility” also result in an indeterminate General Fund revenue loss, and increasing the maximum approved amount from \$50 million to \$100 million will have a negative General fund impact in future years. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 927	AM: 2023	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Neil Sullivan		DATE: 4/5/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the State Treasurer assessment of no fiscal impact from LB 927 as amended by AM 2023.			

Please complete ALL (5) blanks in the first three lines.

2022

LB⁽¹⁾ 927, AM's 2023, 2505, 2632

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ April 1, 2022 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate:

The State Treasurer's Office doesn't expect any fiscal impact from LB 927 AM 2023 or AM 2505 or AM 2632 to the office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:			
Approved by: Tony Fulton		Date Prepared: 4/6/2022			
		Phone: 471-5896			
<u>FY 2022-2023</u>		<u>FY 2023-2024</u>		<u>FY 2024-2025</u>	
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$ (2,950,000)*		\$ (3,100,000)*		\$ (3,250,000)*
Cash Funds					
Federal Funds					
Other Funds					
Total Funds	\$ (2,950,000)*		\$ (3,100,000)*		\$ (3,250,000)*

AM 2023 combines the provisions of LB 927 and LB 818, plus adds some requirements for receiving a grant under the Civic and Community Center Financing Act.

Sections 1 through 3 are from the original LB 927. The bill would amend the Convention Center Facility Financing Assistance Act which provides turnback revenue to the CHI Health Center and Pinnacle Bank Arena. The bill would allow state assistance to be used to finance “nearby parking facilities” defined as parking lots, garages, or other parking structures that are not directly connected to the sports arena facility, but are within 600 yards of the convention and meeting center facility. In addition, LB 927 would allow state assistance of up to \$150 million, instead of the current \$75 million.

Sections 4 and 5 would amend Neb. Rev. Stat. § 13-2706 to require approval of the Nebraska Arts Council and create a one-year requirement for a municipality to receive a grant under the Civic and Community Center Financing Act if it partners with a certified creative district and is not otherwise prohibited from receiving the grant. The grant cannot be less than \$100,000 or more than \$250,000. This provision would sunset after June 30, 2024.

Sections 6 through 9 are from the original LB 818. The bill would amend three sections of the Sports Arena Facilities Financing Assistance Act to allow state assistance to be used to finance “nearby parking facilities” defined as parking lots, garages, or other parking structures that are not directly connected to the sports arena facility but are within 700 yards of the sports arena facility. In addition, LB 818 would allow state assistance of up to \$100 million, instead of the current \$50 million; and eliminate the 20-year limit for state assistance.

AM 2632 further amends Neb. Rev. Stat. § 13-2605 to provide that a map must be provided of the eligible area for any application approved prior to the effective date of the act. This expands the current 600 yards from an eligible facility for a hotel to 1,200 yards. The nearby parking facility must be within 600 yards of the convention and meeting center facility.

AM 2632 also expands eligible capital improvements to include acquiring, constructing, improving and equipping nearby parking facilities. It also directs that 55% of the Convention Center Support Funds must be used to showcase important historical aspects of the areas or areas within close geographic proximity of the area with a high concentration of poverty and to assist with the reduction of street and gang violence in such areas. 45% of the funds must be used to assist with small business and entrepreneurship growth in such areas.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>22-23</u> <u>FTE</u>	<u>23-24</u> <u>FTE</u>	<u>24-25</u> <u>FTE</u>	<u>22-23</u> <u>Expenditures</u>	<u>23-24</u> <u>Expenditures</u>	<u>24-25</u> <u>Expenditures</u>
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....						

Applications can be submitted to the city council or county commissioner listed in 13-2610(3)(c)(i) and (ii). Fund recipients will provide an itemized report detailing the use of the funds, imposes a three -year consecutive limit on receiving funds unless the recipient can justify continued funding.

AM 2505 incorporates changes related to the joint public hearings and postcards required under the Property Tax Request Act (Act) as amended in LB 1250 into LB 927. As drafted in AM 2505 these changes are:

Section 10 amends Neb. Rev. Stat. § 77-1633(3)(d) to indicate that the county clerk or designee is to organize the joint hearing required when a political subdivision seeks to increase its property tax request by more than the allowable growth percentage. The timing of the joint hearing is changed from taking place before participating political subdivisions file their budget statement with the auditor according to Neb. Rev. Stat. § 13-506 to taking place before participating political subdivisions adopt their budget statement according to Neb. Rev. Stat. § 13-508.

Neb. Rev Stat. § 77-1633(3)(g) is amended to strike and add language that results in the county assessors being able use a printing service selected by the county board to print the postcards required by subsection (3)(h) instead of being instructed to mail the postcards as required in the subsection. The printing would initially be paid out of the county's general fund before being proportionally charged to the political subdivisions based on the total number of parcels in each participating political subdivision.

The required statement in Neb. Rev Stat. § 77-1633(3)(h)(iii) to be placed on the postcard is changed slightly to alert the taxpayer to political subdivision proposing a revenue increase which would result in an increase in property. Language is added to the postcare to alert the taxpayer that the actual tax on their property may increase or decrease.

In section 11, Neb. Rev. Stat. § 77-1634 of the Act is amended to note that as long as a political subdivision complies with the Act, its property tax request will not be invalidated because any other political subdivision failed to comply with the Act.

***Fiscal Impact:**

AM 2632 expands the current 600 yards from an eligible facility for a hotel to 1,200 yards and will have the following reduction to General Fund revenues:

FY 22-23	\$	2,950,000
FY 23-24	\$	3,100,000
FY 24-25	\$	3,250,000

Because AM 2023 includes nearby parking facilities within the definition of “eligible facilities”, this bill extends the program area to include retailers that are near the parking facility, but not near the sports arena. This aspect could have an undeterminable, negative effect on General Fund revenues. The increase in the maximum assistance will cause a \$125 million decrease in General Fund revenues in later fiscal years.

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

The operative date for this bill is three months after adjournment.