

Revised per AM2419 and AM2715

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	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 1197 was amended by AM2419 and AM2715 on General File. AM2715 is a white copy amendment of the Revenue Committee amendment, AM2419, which was a white copy amendment of LB 1197, and contains a modified version of LB 1197. The details of AM2715 are discussed below.

LB 1197 would make changes to the Sports Arena Facility Financing Assistance Act. The bill would change the term nonprofit organization to nonprofit corporation under the definition of what constitutes applicants. Publicly owned and privately owned sports complexes would be separated under the definition of eligible sports arena facility. The term “governmental use” would be added and defined.

The bill would make changes to the definition of new state sales tax revenue so that it would be, for any eligible sports arena facility that is a sports complex located in a city of the second class or village, 100% of the state sales tax revenue that is collected by a nearby retailer and sourced to the program area.

Political subdivision would be changed to mean any city, village, county, school district, or community college area or a joint entity formed under the Interlocal Cooperation Act which includes a city, village, or county as a member.

The bill would change the program area in the Act for eligible sports arena facilities that are a sports complex not located in a city of the second class or village so that for applications for state assistance submitted on or after the effective date of the Act, it would be the area that is located within 600 yards of an eligible sports arena facility, measured from any point of the exterior boundary or property line of the facility, except that if 25% or more of such area is unbuildable property, then the program area would be adjusted so that:

- It avoids as much of the unbuildable property as is practical; and
- It contains contiguous property with the same total amount of square footage that the program area would have contained had no adjustment been necessary.

For any eligible sports arena facilities that are a sports complex located in a city of the second class or village, the program area would be the corporate limits of the city of the second class or village in which the facility is located.

The bill would add to the definition of sports complex under the Act so that it would mean a facility that contains at least two separate sports venues if such facility is located in a city of the second class or village.

Under the bill, it would be added that applicants could apply for state assistance if a building permit has been issued or construction has been completed within the applicant’s jurisdiction for an eligible sports arena facility that is a privately owned sports complex. For an eligible sports arena facility that is a privately owned sports complex, the state assistance could only be used by the applicant:

- To pay back amounts expended or borrowed through one or more issues of bonds to be expended by the applicant to acquire, construct, improve, or equip one or more public infrastructure projects, as defined in section 77-27,142, related to a privately owned sports complex;
- To lease all or a portion of such privately owned sports complex for the government use of the political subdivision;
- To promote sporting events which are open to or made available to the general public; or
- To pay back amounts expended or borrowed through one or more debt issues to be expended by the nonprofit corporation coapplicant to acquire, construct, improve, or equip a privately owned sports complex, subject to voter approval as provided under the bill.

Any state assistance received pursuant to the Act could be used only for public purposes, except as provided in section 5 of the bill for a privately owned sports complex subject to voter approval.

The bill would add regarding the certified distributions under the Act so that for any eligible sports arena facility that is a sports complex located in a city of the second class or village, the intent of the legislature would be for the distributions to be 25% of the state sales tax revenue collected by retailers doing business at eligible sports arena facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and new state sales tax revenue collected by nearby retailers and sourced to the program area.

The remaining 75% of state sales tax revenue would be distributed in accordance with section 77-27,132.

The bill would make changes so that state assistance would additionally be used to provide funding for promotion of sporting events with state assistance no longer being available after 10 years of funding or when state assistance reaches \$100 million, whichever comes first.

The bill would make changes so that if state assistance would be used to provide funding for a sports complex located in a city of the second class or village, such state assistance could no longer be available after five years of funding or when state assistance reaches \$100 million, whichever comes first.

State assistance could not be used for an operating subsidy for any publicly owned eligible sports arena facility or nearby parking facility.

The bill would make changes for the competitive grant program of the Nebraska Arts Council through the Support the Arts Cash Fund so that the grants could additionally fund planning expenses, architectural expenses, engineering expenses, live performances, and promotional or marketing efforts of the creative district.

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

The Department of Revenue (DOR) estimates an indeterminant impact to General Funds and Cash Funds as a result of the bill depending on future projects as a result of this bill. The DOR notes a potential significant reduction in state sales tax revenue depending on the locations of the projects and nearby businesses. For example, \$15.725 million was transferred during FY 22-23 under the Sports Arena Facility Financing Assistance Act and the Convention Center Facility Financing Assistance Act for four current projects. For any eligible sports arena facility that is a sports complex located in a city of the second class or village, if the five largest second-class cities started projects at the same time, the estimated General Fund impact would be a reduction of \$22 million per year.

The DOR estimates minimal costs to it to implement the bill.

There is no basis to disagree with the estimates by the DOR.

The Department of Transportation estimates an indeterminant impact to the Highway Trust Fund and Highway Allocation Fund that would be contingent on future qualifying projects. There is no basis to disagree with this estimate.

The State Treasurer estimates no fiscal impact to it from the bill. There is no basis to disagree with this estimate.

The Nebraska Arts Council estimates no fiscal impact but notes that the bill changes what would be considered eligible for the grant funds.

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

**2024**

**LB<sup>(1)</sup> 1197, AM 2419 & AM 2715**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Jason Walters Date Prepared: <sup>(4)</sup> March 15, 2024 Phone: <sup>(5)</sup> 402-471-2793

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The State Treasurer’s Office doesn’t expect any fiscal impact from LB 1197, AM 2419 or AM 2715 to the office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

**2024**

**LB<sup>(1)</sup> 1197; AM2419 & AM2715**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Arts Council

Prepared by: <sup>(3)</sup> Mike Markey Date Prepared: <sup>(4)</sup> 3/15/2024 Phone: <sup>(5)</sup> 402-595-3941

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>See below</u>	<u>See below</u>	<u>See below</u>	<u>See below</u>

Explanation of Estimate:

Neither the bill, nor the amendments, will have any effect on revenues or expenditures. The language only affects what projects are eligible for the grants awarded from the SAFFA fund.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____



The amendment provides that no applicant can be paid by state assistance for more than ten years for the promotion of the arts and cultural events or for the promotion of sporting events. If the sports complex is located in a second-class city or village, no more than five years of funding may be paid by state assistance.

AM 2715 provides that any eligible sports arena facility that is a sports complex located in a city of the second class or village will collect 100% of the state sales tax revenue that is collected by nearby retailers and sourced to the program area. It defines the program area to be the corporate limits of the city of the second class or village in which it is located. State assistance cannot exceed 25% of the state sales tax revenue collected by nearby retailers and sourced to the program area. The remaining 75% of state sales tax revenue after the appropriation will be credited to the Revenue Distribution Fund.

State assistance used to provide funding for an eligible sports arena facility that is a sports complex located in a city of the second class or village will be no longer available after five years of funding or when state assistance reaches \$100 million, whichever comes first.

The revenue impact on the General Fund and Cash Funds remains 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, \$15.725 million was transferred during fiscal year 2022-2023 under the terms of the Sports Arena Facility Financing Assistance Act and the Convention Center Facility Financing Assistance Act for four current projects. Regarding any eligible sports arena facility that is a sports complex located in a city of the second class or village, if the five largest second-class cities of Ogallala, Wahoo, Aurora, Waverly, and Falls City started projects at the same time, the estimated General Fund impact would be a reduction of \$22 million per year.

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.

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

**2024**

**LB<sup>(1)</sup> 1197 AM2419 & AM2715**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Transportation (NDOT)

Prepared by: <sup>(3)</sup> Jenessa Boynton Date Prepared: <sup>(4)</sup> 3/18/2024 Phone: <sup>(5)</sup> 402-479-4691

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	See below	_____	See below
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	See below	_____	See below
<b>TOTAL FUNDS</b>	<u>_____</u>	<u>See below</u>	<u>_____</u>	<u>See below</u>

**Explanation of Estimate:**

LB1197 AM2419 amends definitions for applicant, eligible sports arena facility, governmental use, political subdivision, and program area. AM2419 would allow state assistance to be requested by an applicant when a building permit has been issued or construction has been completed on a privately owned sports complex which is an eligible sports arena facility. Language is added to define eligible cost for state assistance by applicant and the allowable period of ten year for receiving state assistance to promote sporting events.

LB1197 AM2419 as amended by AM2715 adds section 5 to the Sports Arena Facility Financing Assistance Act. AM2715 add language related to sports venues located in a city of the second class or village.

The fiscal impact to the Build Nebraska Act, which provides funding to the Highway Trust Fund for NDOT and the Highway Allocation Fund for cities and counties, is undeterminable at this time and contingent upon future qualifying sports complex facility projects.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____