

Revised based upon amendments adopted on Select File.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2008-09</b>		<b>FY 2009-10</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		(250,000)		(250,000)
CASH FUNDS	5,000,000	5,000,000		
FEDERAL FUNDS				
OTHER FUNDS			See below	
<b>TOTAL FUNDS</b>	<b>5,000,000</b>	<b>4,750,000</b>	<b>See below</b>	<b>(250,000)</b>

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1116 as amended states in legislative intent that the Nebraska State Fair shall be permanently located within the City of Grand Island no later than 2010, and amends sections of law relating to the Nebraska State Fair Board and the State Fairgrounds. The fiscal impact includes the following:

**Cash Reserve Fund transfer to the Nebraska State Fair Relocation Cash Fund** – LB 1116 authorizes that \$5,000,000 be transferred from the Cash Reserve Fund to the Nebraska State Fair Relocation Cash Fund within 5 days of the effective date of the act. The State Fair Relocation Cash Fund would be expended by the State Fair Board to assist in the construction and improvement of capital facilities necessary to develop a location for the State Fair. It is estimated that the transfer would occur in July 2008 and would be expended by the State Fair Board in FY08-09. The transfer from the Cash Reserve Fund would result in a General Fund revenue loss because interest earned by the Cash Reserve Fund is transferred to the General Fund. Assuming a 5% interest rate, a \$250,000 annual revenue loss is estimated.

**Conditions required to transfer the Nebraska State Fairgrounds to University of Nebraska ownership** -- LB 1116 establishes conditions that must be met in order to transfer the ownership of the Nebraska State Fairgrounds to the University of Nebraska. The conditions include:

- By July 1, 2009, no less than \$21,500,000 in cash or legally binding commitments have been donated on behalf of the University of Nebraska for the purpose of relocating the State Fair to Grand Island.
- The University of Nebraska would be required to submit a master plan and business plan for the Innovation Campus to the Department of Administrative Services and the Clerk of the Legislature on or before December 1, 2009. The University would also be required to provide an annual update of the master plan and business plan to the Clerk of the Legislature by December 1 of each year.
- By July 1, 2009, no less than \$8,500,000 in cash or legally binding commitments have been donated on behalf of the City of Grand Island for the purpose of relocating the State Fair to Grand Island.
- The University of Nebraska and the City of Grand Island would provide certification reports to the Department of Administrative Services on October 1, 2008 and February 1, 2009 regarding progress made towards meeting the above monetary commitment goals, and would provide final certification on July 1, 2009.

University of Nebraska fiscal impact

A detailed listing of funding sources has not yet been developed by the University of Nebraska for its required \$21,500,000 contribution. Once the State Fair is moved, the University of Nebraska also estimates a small increase in expenditures due to the increased expense of operating a State Fair 4-H program similar to the one currently offered at the State Fairgrounds. There is no basis to disagree with the agency estimate of \$35,700 in additional costs. It is estimated that the University could absorb the additional expenses. The University will incur expenses to develop a master plan and business plan for the Innovation Park site. It is anticipated that existing staffing resources would be used to develop and update the plans.

LB 1116 also provides that the State Fair Board, the Department of Administrative Services and the University of Nebraska shall cooperate with each other and appropriate entities to provide for and carry out the plan to transfer the State Fairgrounds to University ownership, including activities by the Board of Regents to obtain due diligence surveys, reports and site assessments at the State Fairgrounds. It is estimated that there will be costs to the University in FY08-09 and FY09-10 to carry out these functions and that in-house and contractual expertise may be utilized. The potential amount of survey and assessment expenses can not be estimated by the University of Nebraska at this time.

#### State of Nebraska fiscal impact

LB 1116 provides that funds donated on behalf of the University of Nebraska and the City of Grand Island be held and expended as determined by agreement between the Hall County Livestock Improvement Association and the Nebraska State Fair Board. It is anticipated that the above funding will not be processed through the state accounting system, but the existence of the funding would be certified to and verified by the Department of Administrative Services. Any fiscal impact to the Department of Administrative Services to carry out the verification process would be minimal in nature and would use existing agency staff.

Because current law requires that the State Fair Board enter into a property management agreement with the State, the State has committed little or no funding resources to property maintenance in recent years. As a result, the primary fiscal impact to the State as result of the transfer of the Nebraska State Fairgrounds would be the shift of property assets away from State ownership to University ownership.

#### City of Grand Island fiscal impact

The fiscal impact to the City of Grand Island will depend upon the funding package developed to provide the \$8,500,000 commitment to the cost of moving the State Fair. At this time, funding sources can not be identified.

#### Nebraska State Fair Board impact

LB 1116 states that the Nebraska State Fair Board shall be responsible for any remaining costs associated with site improvements for relocating the Nebraska State Fair, not to exceed \$7,000,000. In addition, the State Fair Board would provide a written release in connection to the transfer of the Nebraska State Fairgrounds on or before December 31, 2009. It is anticipated there will be costs to the Nebraska State Fair Board to participate in site improvements and to move its operations from Lincoln to Grand Island. The extent of costs to participate in the development of the Grand Island site and to move Fair operations can not be fully estimated at this time.

**State Fair Board membership** – The membership of the Nebraska State Fair Board would be modified under the provisions of LB 1116. The modification is estimated to have no fiscal impact.

**State Fair Support and Improvement Cash Fund** – Statutes governing the State Fair Support and Improvement Cash Fund, used to receive and expend out lottery proceeds dedicated to the State Fair, would be amended to allow the fund to be used for new construction and other capital improvement and other enhancements to and upon any exhibition facility used as the location of the Nebraska State Fair. Expanding the use of the fund would not alter the revenue deposited into the fund or the amount of expenditures from the fund.