

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$294,375			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$294,375			

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

LB 679 seeks to amend sections relating to the lodging tax imposed by cities and villages of Nebraska. Under LB 679, the collection and enforcement of the lodging tax is to be at the direction of the Tax Commissioner. Such taxes are due to the Tax Commissioner by the 25th of each month. The Tax Commissioner is then to remit the tax due to each city and village, less a 3% administrative fee.

The Department of Revenue estimates that there will be no fiscal impact to General Fund revenues. There is no basis to disagree with this estimate.

The Department of Revenue estimates the need for a one-time OCIO charge of \$294,375 to update their processing system. There is no basis to disagree with this estimate.

Douglas County expects a negative fiscal impact to municipalities in Douglas as a result of LB 679. This is primarily due to the administrative fee of 3% that would be paid to the Tax Commissioner for the processing of the tax. The City of Lincoln expects a revenue loss as well, assuming LB 679 refers to their Hotel Occupation Tax. It is expected that all municipalities that impose a lodging tax will have a revenue loss due to the administrative fee.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 679	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lee Will	DATE: 03/2/2021	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department's assessment of fiscal impact to administer the bill.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 679	AM:	AGENCY/POLT. SUB: Douglas County	
REVIEWED BY: Lee Will	DATE: 03/01/2021	PHONE: (402) 471-4175	
COMMENTS: Douglas County's assessment of fiscal impact seems reasonable given the assumptions provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 679	AM:	AGENCY/POLT. SUB: City of Lincoln	
REVIEWED BY: Lee Will	DATE: 02/26/2021	PHONE: (402) 471-4175	
COMMENTS: The City of Lincoln's assessment of fiscal impact to the city seems reasonable given the assumptions provided.			

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

2021

LB679⁽¹⁾ *Require the Tax Commissioner to collect lodging taxes as prescribed*

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ Catherine Hall, County Administration Date Prepared: ⁽⁴⁾ 2/26/2021 Phone: ⁽⁵⁾ (402) 444-6416

Submitted by: Marcos San Martin, County Administration

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>LOSS</u>

Explanation of Estimate:

NEGATIVE (DETRIMENTAL) FISCAL IMPACT TO DOUGLAS COUNTY

The bill will result in the loss of visitor improvement fund dollars for local distribution. According to the bill, beginning January 1, 2022, any lodging tax imposed by any city or village in this state 'shall be collected and enforced by the Tax Commissioner' and the collected amount will be reduced by three percent (3%) as an 'administrative fee' by the Tax Commissioner.

As an example, a reduction of 3% equals the loss of \$129,000 (based on 2019's revenues of \$4,300,110).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</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.

2021

LB⁽¹⁾ 679

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 2/2/21 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

Further clarity is required to determine if the bill's definition of "Lodging Tax" includes the City of Lincoln's "Hotel Occupation Tax". In the event the city occupation tax is included, there would be a decrease in revenue by \$75,000. The "Hotel Occupation Tax" is also part of the revenue stream required by the West Haymarket JPA to pay off the bonds for the arena which would impact the City's standing with bondholders.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____