PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 12, 2016 402-471-0051

**LB 806** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	16-17	FY 2017-18				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$55,000)		(\$138,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$55,000)		(\$138,000)			

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

LB 806 creates the Riverfront Development District Act.

This Act would allow a city of the metropolitan, primary, first, or second class to create a riverfront development district by ordinance. The district must be entirely within the city boundaries and may not extend more than one-half mile from the edge of the river.

For purposes of LB 806, "river" is defined as the Missouri River, Platte River, Republican River, Niobrara River, Loup River, Elkhorn River or any branches of those same rivers but does not include any other tributaries of those rivers.

The mayor of a city creating a riverfront development district is to appoint, with the approval of the city council, an authority consisting of five or more members to manage the district.

The authority has a number of powers including the ability to enter into contracts; invest the money of the authority; interlocal agreements; create and implement development and redevelopment plans within the district's boundaries; acquire, construct and operate public offstreet parking; improve public places or facilities within the district's boundaries; construct pedestrian shopping malls, plazas, sidewalks, parks, meeting facilities, bus shelters, lighting, benches, etc.; enforce parking regulations and security; employee agents and employees: fix and collect rents and charges: issue bonds by resolutions; and a number of other powers.

In addition, the authority's real property, income and operations are exempt from all taxation by the state or any political subdivision of the state.

The city may levy a general business occupation tax upon the businesses and users of space with a riverfront development district or the city may levy a special assessment against the real estate within a riverfront development district.

A riverfront development district may be dissolved 60 days after passage of an ordinance of dissolution and any remaining assets would become the assets of the city.

The Department of Revenue estimates the following fiscal impact to the General Fund as a result of LB806:

FY2016-17: (\$ 55,000) FY2017-18: (\$ 138,000) FY2018-19: (\$ 165,000)

The Department indicates the cost to implement the provisions of LB 806 to be minimal.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

## **IMPACT TO POLITICAL SUBDIVISIONS:**

The city of Omaha has estimated a cost of \$165,930 for FY2016-17 and \$168,120 for FY2017-18 for initial start-up costs for a riverfront development district.

We have no basis to disagree with the city of Omaha's estimate.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 806 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED BY: Robin Kilgore DATE: 2-12-16 PHONE: 471-4180						
COMMENTS: No basis to disagree with agency estimate of fiscal impact.						

		State Agency	Estimate			
State Agency Name: Department				Date Due LFA:	2/11/2016	
Approved by: Tony Fulton		Date Prepared:	02/09/2016		Phone: 471-5896	
	FY 2016-	2017	FY 2017-2018		FY 2018-2019	
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	<b>Expenditures</b>	Revenue
General Funds	\$0	(\$55,000)	\$0	(\$138,000)	\$0	(\$165,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$0	(\$55,000)	\$0	(\$138,000)	\$0	(\$165,000)
				·		

LB 806 would create the Riverfront Development District Act. A city may create a riverfront development district by ordinance. The district must be wholly within the city and cannot extend more than a half-mile from the edge of the river or rivers. The district is to be managed by an authority of five or more people, who are appointed by the mayor and approved by the city council. Two or more cities may jointly manage the districts created by them using a single authority through an inter-local agreement.

The authority has the power to enter into contracts, procure insurance, make improvements within the district, acquire or construct off-street parking, construct shopping malls or plazas, employ agents or employees, charge and collect fees for services, acquire real property, charge rents, receive funding through grants and loans, and issue bonds. The authority may pledge the revenue of the authority or mortgage its property to secure the bonds. The city may levy a general business occupation tax on businesses and users of space within the district to pay the expenses of the district. The city may also levy a special assessment on real property within the district to the extent of special benefit to pay the expenses of the district.

The property of the district would be exempt from property taxes, the purchases of the district would be exempt from sales and use taxes, and the interest of the bonds issued by the district would be exempt from income tax.

The authority's records and documents are public records, and the authority is to provide quarterly reports to the city. A district may be dissolved 60 days after passage of an ordinance of dissolution. The assets of the authority would become assets of the city.

Assuming one district is created within a year of the effective date, the Department estimates the reduction to the General Fund would be as follows:

FY 2016-2017	\$55,000
FY 2017-2018	\$138,000
FY 2018-2019	\$165,000

LB 806 is estimated to incur minimal costs to the Department.

Major Objects of Expenditure							
Class Code	Classification Title	16-17 <u>FTE</u>	17-18 <u>FTE</u>	18-19 <u>FTE</u>	16-17 Expenditures	17-18 Expenditures	18-19 Expenditures
Benefits							
Operating Costs							
Travel							_
Capital Outlay							
Aid							
Capital Improvements.							,
Total							

TOTAL.....

<b>LB</b> <sup>(1)</sup> 806					FISCAL NOTE			
State Agency OR Political Subdivision Name: (2)		City of Omaha						
Prepared by: (3) Tyler Leimer		Date Prepared: (4)	1/15/2016	Phone: (5)	402-444-4514			
]	ESTIMATE PROVIDI	— ED BY STATE AGEN	CY OR POLITICAL	- SUBDIVISIO	)N			
	EXPENDITURES	<u>016-17</u> <u>REVENUE</u>	EXPENDITU	<u>FY 2017</u> <u>JRES</u>	<u>-18</u> <u>REVENUE</u>			
GENERAL FUNDS	\$165,930		\$168,12	0				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	<u>\$165,930</u>		- \$168,12	0				
Personal Services:	BREAKDOW	N BY MAJOR OBJEC	rs of expenditu	<u>RE</u>				
POSITION TI		MBER OF POSITION 16-17 17-18	S 2016-17 EXPENDITI		2017-18 EXPENDITURES			
			_					
Benefits								
Operating								
Travel								
Capital outlay								
Aid				<del></del>				
Capital improvements	• • • • • • • • • • • • • • • • • • • •							