

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS		(\$0 - \$1,200,000)		(\$0 - \$1,200,000)
CASH FUNDS	\$0 - \$375,000	\$0 - \$375,000	\$0 - \$375,000	\$0 - \$375,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	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 1093 adopts the Enhancement Project Financing Assistance Act.

LB 1093 provides that villages within 5 miles of a Nebraska state park can apply for state financial assistance to help pay for an enhancement project, not to exceed 50% of the final cost. Enhancement projects are outlined, including road improvements, housing development, etc.

The Department of Economic Development (DED) is to administrate the Act. Applicants must provide financial information related to the project. After receiving all of the necessary information, DED will provide public notice for local interested parties to participate in a public hearing on the matter. After the hearing, DED will decide whether the state assistance is warranted and approve or deny the application.

A turn back tax is created for approved applicants. The Department of Revenue is to calculate and certify quarterly the amount of sales tax revenue collected in the program areas. This revenue is to be remitted to the Enhancement Project Support Fund. Sales tax revenue collected from program areas are to be certified and remitted to the Fund. The amount to be turned back to applicants must be appropriated by the Legislature, and is not to exceed 70% of the sales tax revenue collected in the program area. Distributions are to be made quarterly.

After 10 years have passed, the amount redistributed to villages receiving assistance each year cannot exceed the highest annual amount distributed in the first 10 years. If this cap is set under 70% of sales tax revenues, those additional funds would be transferred to the General Fund.

Each approved applicant can receive a maximum of \$7 million in state assistance. No assistance is to be paid out after 20 years from the first bond issued for the enhancement project.

The remaining 30% of sales tax revenues collected is to be distributed as follows:

- 83% transferred to the Support the Arts Cash Fund; and
- 17% transferred to the Convention Center Support Fund

The bill provides for the issuance of additional village bonds to fund or refinance enhancement projects. Such bonds are to be exempt from state income taxes, and must have a term of 20 years or less. The deadline for accepting applications is June 30, 2023. DED can adopt and enforce rules and regulations related to the Act.

**REVENUE:**

The Department of Revenue estimates there are 8 villages within five-mile radius of the 8 Nebraska state parks. In tax year 2020, the average sales tax collected in each of these 8 villages was \$155,000. If LB 1093 had been effective in FY19-20 and all 8 villages undertook a qualifying project, the General Fund revenue loss due to the provisions of the bill would have been approximately \$1,200,000. About \$375,000 would flow to the Convention Center Support Fund (17%) and the Support the Arts Cash Fund (83%) for the purposes of those cash funds.

The overall revenue loss to the General Fund and the corresponding Cash Fund revenue gain will depend on the number of villages that apply under the act, but it is reasonable to assume that all villages eligible will do so. We estimate that an amount up to \$1.2 million in General Fund revenue loss could occur due to the provisions of LB 1093.

The provisions of LB 1093 do have a negative impact on the portion of sales tax allocated to the Highway Capital Improvement Fund and the Highway Allocation Fund. One-fourth of 1% of state sales tax is diverted to these funds. The reduction in these two funds is estimated to be minimal.

EXPENDITURES:

The Department of Revenue and Nebraska Arts Council responded that LB 1093 will have minimal costs to implement. The Department of Transportation will have no costs. The Department of Economic Development, which administers the act, estimates minimal costs that can be absorbed within their existing appropriation, if there is one applicant, but it is implied the agency could have additional administrative costs if several villages apply under the act.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1093	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 2/4/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 1093.		
<u>Technical Note:</u> Transfer language does not appear to sufficiently articulated the timing of the transfer of excess funds to the General Fund.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1093	AM:	AGENCY/POLT. SUB: Arts Council
REVIEWED BY: Neil Sullivan	DATE: 2/3/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Arts Council assessment of indeterminate fiscal impact from LB 1093.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1093	AM:	AGENCY/POLT. SUB: Department of Transportation
REVIEWED BY: Neil Sullivan	DATE: 2/7/2022	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Transportation assessment of no fiscal impact from LB 1093.		



\$155,000 in sales tax in tax year 2020. If, under the proposed legislation, each of the qualifying villages undertook a project in FY 2019-2020, General Fund revenues would have been reduced by \$1.2 million.

It is estimated that there will be minimal costs to DOR to implement this bill.

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

**2022**

**LB<sup>(1)</sup> 1093**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Michael Markey Date Prepared: <sup>(4)</sup> 1/26/2022 Phone: <sup>(5)</sup> (402) 595-2195

**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	_____	See below	_____	See below
CASH FUNDS	See below	_____	See below	_____
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:**

The revenue impact on the General Fund and Cash Funds are unknown and contingent upon future qualifying sports complex facility projects. There will be a future impact on general funds and cash funds, but we don't know what that will be.

It is estimated, at this time, that there will be minimal costs to the agency to implement this bill.

**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.....	_____	_____	_____	_____

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

**2022**

**LB<sup>(1)</sup> 1093**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Jenessa Boynton Date Prepared: <sup>(4)</sup> 2/2/2022 Phone: <sup>(5)</sup> 402-479-4691

**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	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

**Explanation of Estimate:**

LB1093 adopts the Enhancement Project Financing Assistance Act. The adoption allows villages located within five miles of a Nebraska State Park which have (a) undertaken an enhancement project, (b) approved a revenue bond issue or a general obligation bond issue to finance an enhancement project, or (c) adopt a resolution authorizing the village to pursue a general obligation bond issue to finance an enhancement project to apply to the Department of Economic Development for state assistance. The Department of Economic Development shall not accept applications for state assistance under the Enhancement Project Financing Assistance Act after June 30, 2023.

If an application is approved, the Tax Commissioner shall determine the eligible state sales tax revenue collected by retailers doing business in the program area and certify annually the amount of eligible state sales tax revenue. Eligible state sales tax revenue collected by retailers doing business in the program area shall be reported on informational returns by the twentieth day of the month following the month the sales taxes were collected. Using the informational returns the Tax Commissioner shall quarterly certify, for each enhancement project for which state assistance has been approved, the total amount of eligible state sales tax revenue collected in the preceding calendar quarter.

LB1093 creates the Enhancement Project Support Fund. Upon receiving the quarterly certification from the Tax Commissioner, the State Treasury shall transfer the amount certified to the fund. It is the intent of the Legislature to appropriate, from the fund money to any village for which an application for state assistance under the Enhancement Project Financing Assistance Act has been approved, an amount not to exceed seventy percent of eligible state sales tax revenue collected by the retailers doing business in the program area with no more than fifty percent of the final cost of the enhancement project being funded by state assistance. Thirty percent of the eligible state tax revenue remaining in the fund after appropriations shall be appropriated by the Legislature and transferred quarterly as follows: (a) Eighty-three percent of such revenue shall be transferred to the Support the Arts Cash Fund; and (b) Seventeen percent of such revenue shall be transferred to the Convention Center Support Fund.

According to the Department of Revenue, the bill will have no impact on the one quarter of 1% of sales tax that is directed to State Highway Capital Improvement Fund for NDOT and the Highway Allocation Fund for cities and counties under the Build Nebraska Act.

**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.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

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

**2022**

**LB<sup>(1)</sup> 1093**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Dave Dearthmont Date Prepared: <sup>(4)</sup> 1/31/22 Phone: <sup>(5)</sup> 402-471-3777

**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	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB1093 would create the Enhancement Project Financing Assistance Act, that would allow villages that are within 5 miles of a Nebraska state park to apply to the Department of Economic Development for a turnback of state sales taxes to help repay up to 50% of the bonds issued for an Enhancement Project. Enhancement Projects include expenditures on road and street safety and general infrastructure improvements, Development of parks and open space, landscaping, housing development, development of tourist and seasonal lodging, façade enhancements, and water attractions.

A qualified village may apply to DED for state assistance. After a review of the application, DED holds a public hearing on the application, with the cost of the notice to be paid by the applicant. After consideration of the application and any additional evidence provided at the hearing, if the department determines that the application is eligible and in the best interest of the state, the department will approve the application. If approved, the Tax Commissioner reports qualified state sales taxes quarterly to be distributed quarterly by the State Treasurer to the Enhancement Project Support Fund, created by the bill. From this fund, 70% is remitted to the qualified village, and the remaining 30% is distributed as follows, 83% to the Support the Arts Cash Fund and 17% to the Convention Center Support Fund. The maximum amount of state assistance an enhancement project is eligible for is the lesser of \$7 million, or 50% of the amount of the cost of the project. State assistance is limited to 20 years. The bill also sunsets the Enhancement Project Financing Assistance Act to new applications after 6/30/2023.

The Department expects that several villages could take advantage of the provisions of LB1096; however, if only one did, the provisions of the bill could be accomplished within current resources and staff.

**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.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

