PREPARED BY: DATE PREPARED: PHONE: Scott Danigole April 12, 2022 471-0055

**LB 927** 

Revision: 02

## FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated to reflect all amendments adopted to date

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates) FY 2022-23 FY 2023-24 **EXPENDITURES REVENUE EXPENDITURES REVENUE GENERAL FUNDS** See below See below **CASH FUNDS** FEDERAL FUNDS OTHER FUNDS **TOTAL FUNDS** See below See below

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

LB 927 amends the Convention Center Facility Financing Assistance Act.

As amended (section references are relative to ER166), LB 927 defines "nearby parking facility" as any parking lot, parking garage, or other parking structure that is no directly connected to a convention and meeting center facility but is located in whole or in part, within 600 yards of such facility.

Section 2 allows any political subdivision to acquire, construct, improve, or equip nearby parking facilities with state assistance under the Act.

Section 3 increases from 600 yards to one thousand two hundred yards, the distance utilized for eligible facilities under the Convention Center Facilities Financing Assistance Act.

As amended by AM 2778, the Section 3 changes are stricken resulting in the current statutory distance of 600 yards being retained.

Section 4 amends section 13-2610 so the maximum approved amount for any one project is raised from seventy-five million dollars to one hundred fifty million dollars.

Section 7 amends the Sports Arena Facility Financing Assistance Act by defining "nearby parking facility" as any parking lot, parking garage, or other parking structure that is not directly connected to an eligible sports arena facility buy which is located, in whole or in part, within seven hundred yards of such facility.

Section 10 raises the maximum approved amount for an eligible sports arena facility from fifty million dollars to one hundred million dollars.

Based on all amendments adopted to date, the Department of Revenue estimates minimal costs to implement the provisions of LB 927.

The provisions redefining "nearby parking facility" result in an indeterminate General Fund revenue loss, and increasing the maximum approved amount from \$50 million to \$100 million will have a negative General Fund impact in future years.

## ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 927	AM: 2023	AGENCY/POLT. SUB: Depart	AGENCY/POLT. SUB: Department of Revenue			
REVIEWED BY	: Neil Sullivan	DATE: 4/6/2022	PHONE: (402) 471-4179			

COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 927 as amended by AM 2023.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 927	AM: 2023	AGENCY/POLT. SUB: State	Treasurer			
REVIEWED	BY: Neil Sullivan	DATE: 4/5/2022	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the State Treasurer assessment of no fiscal impact from LB 927 as amended by AM 2023						

## LB 927 AM 2632 AM 2505 AM 2023 AM 2778

Fiscal Note 2022

State Agency Estimate							
State Agency Name: Department of		Date Due LFO:					
Approved by: Tony Fulton		Date Prepared:	4/12/2022		Phone: 471-5896		
	FY 2022	2-2023	FY 202	3-2024	FY 202	4-2025	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		see below		see below		see below	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		see below		see below		see below	

LB 927 combines the provisions of original LB 927 and LB 818, plus some requirements for receiving a grant under the Civic and Community Center Financing Act.

Sections 1 and 2 are from the original LB 927. The bill would amend the Convention Center Facility Financing Assistance Act which provides turnback revenue to the CHI Health Center and Pinnacle Bank Arena. The bill would allow state assistance to be used to finance "nearby parking facilities" defined as parking lots, garages, or other parking structures that are not directly connected to the sports arena facility but are within 600 yards of the convention and meeting center facility. In addition, LB 927 would allow state assistance of up to \$150 million, instead of the current \$75 million.

Section 3 was from AM 2632, which was adopted on General File and would have redefined "associated hotel" (from which turnback sales tax revenue is derived) to include hotels within 1,200 yards of the eligible facility instead of 600 yards as defined in current law. AM 2778 was adopted on Select File and struck section 3 from the bill, thus restoring the 600-yard definition.

Sections 4 and 5 would amend Neb. Rev. Stat. § 13-2706 to require approval of the Nebraska Arts Council and create a one-year requirement for a municipality to receive a grant under the Civic and Community Center Financing Act if it partners with a certified creative district and is not otherwise prohibited from receiving the grant. The grant cannot be less than \$100,000 or more than \$250,000. This provision would sunset after June 30, 2024.

Sections 6 through 9 are from the original LB 818. The bill would amend three sections of the Sports Arena Facilities Financing Assistance Act to allow state assistance to be used to finance "nearby parking facilities" defined as parking lots, garages, or other parking structures that are not directly connected to the sports arena facility but are within 700 yards of the sports arena facility. In addition, LB 818 would allow state assistance of up to \$100 million, instead of the current \$50 million; and eliminate the 20-year limit for state assistance.

Because AM 2023 includes nearby parking facilities within the definition of "eligible facilities", this bill extends the program area to include retailers that are near the parking facility, but not near the sports arena. This aspect

Major Objects of Expenditure								
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures	
Operating Costs								
Capital Outlay								
	S							
Total					·			

could have an undeterminable, negative effect on General Fund revenues. The increase in the maximum assistance will cause a \$125 million decrease in General Fund revenues in later fiscal years.

AM 2632 further amends Neb. Rev. Stat. § 13-2605 to provide that a map must be provided of the eligible area for any application approved prior to the effective date of the act. The nearby parking facility must be within six hundred yards of the convention and meeting center facility. It also expands eligible capital improvements to include acquiring, constructing, improving and equipping nearby parking facilities. It also directs that 55% of the Convention Center Support Funds must be used to showcase important historical aspects of the areas or areas within close geographic proximity of the area with a high concentration of poverty and to assist with the reduction of street and gang violence in such areas. 45% of the funds must be used to assist with small business and entrepreneurship growth in such areas.

Applications can be submitted to the city council or county commissioner listed in 13-2610(3)(c)(i) and (ii). Fund recipients will provide an itemized report detailing the use of the funds and imposes a three -year consecutive limit on receiving funds unless the recipient can justify continued funding.

AM2505 incorporates the changes relating to joint public hearings and postcards under the Property Tax Request Act made in LB1250 into LB927. As drafted in AM2505 these changes are:

Section 10 addresses changes to Neb. Rev. Stat. § 77-1633 regarding the joint hearing required when a political subdivision seeks to increase its property tax request by more than the allowable growth percentage. The timing of the joint hearing is changed from taking place before participating political subdivisions file their budget statement with the auditor according to Neb. Rev. Stat. § 13-506 to taking place before participating political subdivisions adopt their budget statement according to Neb. Rev. Stat. § 13-508. Subsection (3)(d) is amended to add that the county clerk or their designee organize the joint public hearing.

Subsection (3)(g) is amended to strike and add language that results in county assessors being able use a printing service selected by the county board to print the postcards required by subsection (3)(h) instead of being simply instructed to mail the postcards as required in the subsection. The printing would initially be paid out of the county's general fund before being proportionally charged to the political subdivisions based on the total number of parcels in each participating political subdivision.

The required statement in the subsection (3)(h)(iii) to be placed on the postcard is changed slightly to alert the taxpayer to overall increases in their property taxes and that the actual tax on their property may increase or decrease.

In section 11, Neb. Rev. Stat. § 77-1634 of the Property Request Act is amended to note that as long as a political subdivision complies with the Act, its property tax request will not be invalidated because any other political subdivision failed to do so.

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.

<b>LB</b> <sup>(1)</sup> 927, AM's 2	2023, 2505	, 2632			FISCAL NOTE
State Agency OR Political Sub	division Name: (2)	State Treasurer			
Prepared by: (3) Jason W	alters	Date Prepared: (4)	April 1, 2022	Phone: (5)	402-471-2793
ES	TIMATE PROVI	DED BY STATE AGE	NCY OR POLITIC	AL SUBDIVIS	ION
<u>E</u>	<u>FYS</u> XPENDITURES	<u>2022-23</u> <u>REVENUE</u>	EXPENDI	<u>FY 2023</u> <u>FURES</u>	<u>-24</u> <u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS	_		_		
TOTAL FUNDS	_			<del> </del>	
=					
<b>Explanation of Estimate:</b>					
Personal Services:	BREAKDOW	'N BY MAJOR OBJEC'	<u> IS OF EXPENDIT</u>	<u>'URE</u>	
POSITION TITL		JMBER OF POSITION   22-23 23-24	IS 2022- EXPENDI		2023-24 EXPENDITURES
Benefits			_		
Operating			<del></del>		
Travel					
Capital outlay					
Aid					
Capital improvements					
TOTAL					