

## LEGISLATIVE BILL 382

Approved by the Governor May 25, 1999

Introduced by Lynch, 13; Bourne, 8; Brashear, 4; Brown, 6; Bruning, 3; Hartnett, 45; Hilgert, 7; Jensen, 20; Kiel, 9; Dw. Pedersen, 39; Quandahl, 31; Redfield, 12; Robak, 22; Suttle, 10; Thompson, 14; Schrock, 38

AN ACT relating to public buildings; to adopt the Convention Center Facility Financing Assistance Act and the Local Civic, Cultural, and Convention Center Financing Act; and to declare an emergency.  
Be it enacted by the people of the State of Nebraska,

Section 1. Sections 1 to 12 of this act shall be known and may be cited as the Convention Center Facility Financing Assistance Act.

Sec. 2. (1) The Legislature finds that it will be beneficial to the economic well-being of the people of this state that there be convention and meeting center facilities of appropriate size and quality to host regional, national, or international events. Regional refers to states that border Nebraska; national refers to states other than those that border Nebraska; and international refers to nations other than the United States.

(2) The Legislature further finds that such facilities may (a) generate new economic activity as well as additional state and local taxes from persons residing within and outside the state and (b) create new economic opportunities for residents.

(3) In order that the state may receive any long-term economic and fiscal benefits from such facilities, a need exists to provide some state financial assistance to political subdivisions endeavoring to construct, acquire, substantially reconstruct, expand, operate, improve, or equip such facilities.

(4) Therefor, it is deemed to be in the best interest of both the state and its political subdivisions that the state assist political subdivisions in financing the construction, acquisition, substantial reconstruction, expansion, operation, improvement, or equipping of such facilities.

(5) The amount of state financial assistance shall be limited to a designated portion of new state tax revenue attributed to such facilities and defined events hosted at such facilities.

Sec. 3. For purposes of the Convention Center Facility Financing Assistance Act:

(1) Attributable revenue means new state tax revenue generated due to the construction of the eligible facility, employment at the eligible facility, and spending by participants, increased by the applicable investment multiplier;

(2) Board means a board consisting of the Governor, the State Treasurer, the chairperson of the Nebraska Investment Council, the chairperson of the Nebraska State Board of Public Accountancy, and a professor of economics on the faculty of a state postsecondary educational institution appointed to a two-year term on the board by the Coordinating Commission for Postsecondary Education. For administrative and budget purposes only, the board shall be considered part of the Department of Revenue;

(3) Bond means a general obligation bond, redevelopment bond, lease-purchase bond, revenue bond, or combination of any such bonds;

(4) Convention and meeting center facility means any real or personal property necessary for a convention and meeting center, including an auditorium, an exhibition hall, a facility for onsite food preparation and serving, an onsite, directly connected parking facility for the use of the convention and meeting center facility, and an administrative office of the convention and meeting center facility;

(5) Eligible facility means any publicly owned convention and meeting center facility acquired, constructed, improved, or equipped after January 1, 1999;

(6) General obligation bond means any bond or refunding bond issued by a political subdivision and which is payable from the proceeds of an ad valorem tax;

(7) Investment multiplier means the number of times spending induces additional spending on goods and services;

(8) New regional, national, or international event means a convention, meeting, trade show, or other educational function at which at least fifty percent of the participants are registered from a location outside

Nebraska and which was not held in Nebraska during the three years prior to the completion of construction of the convention and meeting center facilities;

(9) Participant means a person registered to attend and shown to have attended a new regional, national, or international event at a convention and meeting center facility financed under the act;

(10) Political subdivision means any local governmental body formed and organized under state law and any joint entity or joint public agency created under state law to act on behalf of political subdivisions which has statutory authority to issue general obligation bonds;

(11) Revenue bond means any bond or refunding bond issued by a political subdivision which is limited or special rather than a general obligation bond of the political subdivision and which is not payable from the proceeds of an ad valorem tax; and

(12) State tax revenue means the Nebraska income tax imposed pursuant to the Nebraska Revenue Act of 1967, the Nebraska sales and use tax imposed pursuant to the Nebraska Revenue Act of 1967, and the state tax imposed by section 81-1253.

Sec. 4. Any political subdivision that has acquired, constructed, improved, or equipped or has approved a general obligation bond issue to acquire, construct, improve, or equip eligible facilities may apply to the board for state assistance. The state assistance may be used to pay back amounts expended or borrowed through one or more issues of bonds to be expended by the political subdivision to acquire, construct, improve, and equip eligible facilities until repayment in full of the amounts expended or borrowed by the political subdivision, including the principal of and interest on bonds, for eligible facilities. The political subdivision may continue to apply to the board for continuing state assistance in reimbursing the costs of financing the acquisition, construction, improvement, and equipping of the eligible facility.

Sec. 5. (1) All applications for state assistance under the Convention Center Facility Financing Assistance Act shall be in writing and shall include a certified copy of the approving action of the governing body of the applicant describing the proposed eligible facility and the anticipated financing.

(2) The application shall contain:

(a) A description of the proposed financing of the eligible facility, including the estimated principal and interest requirements for the bonds proposed to be issued in connection with the eligible facility or the amounts necessary to repay the original investment by the applicant in the eligible facility;

(b) The estimated number of participants and the estimated amount of the spending impact of these participants on attributable revenue;

(c) A specific listing of the investment multipliers suggested for use in evaluating the application;

(d) Estimates of attributable revenue based on the investment multipliers;

(e) Documentation of local financial commitment to support the project, including all public and private resources pledged or committed to the project; and

(f) Any other project information deemed appropriate by the board.

(3) Upon receiving an application for state assistance, the board shall review the application and notify the applicant of any additional information needed for a proper evaluation of the application.

Sec. 6. (1) After reviewing an application submitted under section 5 of this act and upon reasonable notice to the applicant, the board shall hold a public hearing on the application.

(2) The board shall give notice of the time, place, and purpose of the public hearing by publication three times in a newspaper of statewide circulation. Such publication shall be not less than ten days prior to the hearing. The notice shall describe generally the facilities for which state assistance has been requested. The applicant shall pay the cost of the notice.

(3) At the public hearing, representatives of the applicant and any other interested persons may appear and present evidence and argument in support of or in opposition to the application or neutral testimony. The board may seek expert testimony and may require testimony of persons whom the board desires to comment on the application. The board may provide for the acceptance of additional evidence after conclusion of the public hearing.

Sec. 7. (1) After consideration of the application and the evidence, the board shall issue a finding of whether the convention and meeting center facility described in the application is eligible for state

assistance.

(2) If the board finds that the facility described in the application is an eligible facility and that state assistance is in the best interest of the state, the application shall be approved.

(3) In determining whether state assistance is in the best interest of the state, the board shall consider the amount of attributable revenue estimated to be derived by the state from the eligible facility and the fiscal and economic capacity of the applicant to finance the local share of the eligible facility.

(4) A majority of the board members constitutes a quorum for the purpose of conducting business. All actions of the board shall be by a majority vote of all the board members, one of whom must be the Governor.

Sec. 8. The board shall, on the basis of the application and evidence presented to it, make an estimate as to the amount of attributable revenue to be derived by the state from the proposed eligible facility. The finding shall be made on the basis of testimony submitted to the board as to the impact of participant spending and construction or employment at the eligible facility. Investment multipliers used by the board shall not exceed two. The board may use lower investment multipliers than described in this section upon a review of expert testimony submitted in a public hearing and subject to a specific finding of the board.

Sec. 9. If an application is approved, the board shall annually:

(1) Audit or review audits of the approved convention and meeting center facility to determine the number of participants at the facility that are registered from a location outside Nebraska and to assure the number of conventions which were not held in the state during the three years prior to the construction of the facility;

(2) Determine the amount of attributable revenue with regard to construction, improvement, or equipping of the eligible facility, employment at the eligible facility, and participants attending a new regional, national, or international event for which at least one-half of the participants were registered from a location outside Nebraska; and

(3) Certify the amount of attributable revenue to the State Treasurer.

Sec. 10. (1) Upon the annual certification under section 9 of this act, the State Treasurer shall transfer after the audit the amount certified to the Convention Center Support Fund. The Convention Center Support Fund is created. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2) It is the intent of the Legislature to appropriate from the fund to any political subdivision for which an application for state assistance under the Convention Center Facility Financing Assistance Act has been approved an amount not to exceed seventy percent of the attributable revenue, seventy-five million dollars for any one approved project, or the cost of acquiring, constructing, improving, or equipping the eligible facility. The money shall not be used for an operating subsidy or other ancillary facility.

(3) State assistance to the political subdivision shall no longer be available upon the retirement of the bonds issued to acquire, construct, improve, or equip the facility or any subsequent bonds that refunded the original issue or when the cost of acquiring, constructing, improving, or equipping the eligible facility exceeds seventy-five million dollars, whichever comes first.

(4) It is the intent of the Legislature that the remaining thirty percent of attributable revenue be appropriated by the Legislature to the Local Civic, Cultural, and Convention Center Financing Fund.

Sec. 11. (1) The applicant political subdivision may issue from time to time its bonds and refunding bonds to finance and refinance the acquisition, construction, improving, and equipping of eligible facilities and appurtenant public facilities that are a part of the same project. The bonds may be sold by the applicant in such manner and for such price as the applicant determines, at a discount, at par, or at a premium, at private negotiated sale or at public sale, after notice published prior to the sale in a legal newspaper having general circulation in the political subdivision or in such other medium of publication as the applicant deems appropriate. The bonds shall have a stated maturity of thirty years or less and shall bear interest at such rate or rates and otherwise be issued in accordance with the respective procedures and with such other terms and provisions as are established, permitted, or authorized by applicable state laws and home rule charters for the type of bonds to be issued. Such bonds may be secured as to payment in whole or in part by a pledge, as shall be determined by the applicant, from the income, proceeds, and revenue of the eligible facilities

financed with proceeds of such bonds, from the income, proceeds, and revenue of any of its eligible facilities, or from its revenue and income, including its sales, use, or occupation tax revenue, fees, or receipts, as may be determined by the applicant. The applicant may further secure the bonds by a mortgage or deed of trust encumbering all or any portion of the eligible facilities and by a bond insurance policy or other credit support facility. No general obligation bonds, except refunding bonds, shall be issued until authorized by greater than fifty-one percent of the applicant's electors voting on the question as to their issuance at a statewide regular primary or general election. The face of the bonds shall plainly state that the bonds and the interest thereon shall not constitute nor give rise to an indebtedness, obligation, or pecuniary liability of the state nor a charge against the general credit, revenue, or taxing power of the state. Bonds of the applicant are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, shall be exempt from all state income taxes.

(2) All payments to political subdivisions under the Convention Center Facility Financing Assistance Act are made subject to specific appropriation for such purpose. Nothing in the act precludes the Legislature from amending or repealing the act at any time.

Sec. 12. The Convention Center Facility Financing Assistance Act shall terminate on June 1, 2002, if no applications for assistance have been approved prior to such date.

Sec. 13. Sections 13 to 22 of this act shall be known and may be cited as the Local Civic, Cultural, and Convention Center Financing Act.

Sec. 14. The purpose of the Local Civic, Cultural, and Convention Center Financing Act is to support the development of civic, cultural, and convention centers throughout Nebraska. Furthermore, the act is intended to support projects that attract new civic, cultural, and convention activity to Nebraska from outside of Nebraska.

Sec. 15. For purposes of the Local Civic, Cultural, and Convention Center Financing Act:

(1) Center means a civic, cultural, or convention facility or area;

(2) Department means the Department of Economic Development; and

(3) Fund means the Local Civic, Cultural, and Convention Center Financing Fund.

Sec. 16. The Local Civic, Cultural, and Convention Center Financing Fund is created. The fund shall be administered by the department. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. The fund may be used for assistance for the construction of new centers or the renovation or expansion of existing centers. The fund may not be used for planning, programming, marketing, advertising, and related activities.

Sec. 17. The department may conditionally approve grants of assistance from the fund to eligible and competitive applicants within the following limits:

(1) The minimum amount allowed to be applied for by a single project is twenty thousand dollars; and

(2) Assistance from the fund shall not amount to more than fifty percent of the cost of construction, renovation, or expansion.

Sec. 18. Any municipality or county may apply for a grant of assistance from the fund. Application shall be made on forms developed by the department. The applicant may receive assistance only once for construction, renovation, or expansion of any one center.

Sec. 19. The department shall evaluate all applications for grants of assistance based on the following criteria:

(1) Attraction impact. Funding decisions by the department shall be based in part on the likelihood of the project attracting new cultural, civic, or convention activity to Nebraska from outside of Nebraska. A project with greater out-of-state draw shall be preferred over a project with less impact;

(2) Socioeconomic impact. The project's potential for long-term positive impacts on the local and regional economy and society;

(3) Financial support. Assistance from the fund shall be matched at least equally from local sources. At least eighty percent of the local match must be in cash. Projects with a higher level of local matching funds shall be preferred as compared to those with a lower level of matching funds; and

(4) Readiness. The applicant's fiscal and economic capacity to finance the local share and ability to proceed and implement its plan and operate the convention center.

Sec. 20. If a grant of assistance is approved by the department, the applicant shall receive conditional approval of the level of assistance.

Projects shall receive funding from the fund in the order conditional approval is received and whenever there is sufficient money in the fund to provide the assistance in full. It is the intent of the Legislature to appropriate funds to support projects which have received conditional approval from the department. A grant of assistance shall be finally approved when funds for the project are appropriated by the Legislature.

Sec. 21. The department shall submit to the Governor, the Clerk of the Legislature, and the Legislative Fiscal Analyst an annual report on or before December 1 each year documenting the grants conditionally approved for funding by the Legislature in the following fiscal year.

Sec. 22. The department shall adopt and promulgate rules and regulations to carry out the Local Civic, Cultural, and Convention Center Financing Act.

Sec. 23. Since an emergency exists, this act takes effect when passed and approved according to law.