

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	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 1071 creates the Infrastructure Improvement and Replacement Assistance Act.

The bill would require the state to turn back some unspecified percentage of the state sales tax collected on sewer and potable water fees by the state to municipalities and sewer and water utilities. The revenue could be used to construct, upgrade, redevelop, and replace sewer and water infrastructure facilities.

Water utility means any water utility operated by a political subdivision.

Sewer utility means any sewer utility operated by a political subdivision.

The Department of Revenue has noted that the bill lacks a procedure for the cities to participate in the state assistance program and a procedure or certification for the Department to follow when determining the amount and notifying the State Treasurer of the amount for each municipality.

In addition, the turn back distribution is to be on a “per capita percentage directly to each participating political subdivision or utility based on state sales tax paid.” At least two interpretations of this language are possible:

- a) It is intended to work like convention center or sports arena facility assistance and the amount turned back to a municipality is a percentage of the state sales tax collected on water and sewer fees collected by that utility; or
- b) The state is to estimate the state sales tax collected on sewer and water fees statewide and distribute a percentage of that amount to all participating municipalities per capita.

Fiscal Impact:

Because the percentage of state sales tax to be turned back is unspecified in the bill, we are unable to provide an estimate of fiscal impact specific to LB 1071. However, previous legislation similar in provisions but smaller in scope to LB 1071, reduced revenue to the General Fund by approximately \$26,000,000 annually.

IMPACT TO POLITICAL SUBDIVISIONS:

Because of the unspecified rate of sales tax to be turned back and the lack of procedure for participation, there is no fiscal impact to political subdivisions.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1071	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton	DATE: 1/31/2018	PHONE: (402) 471-4181	
COMMENTS: No basis upon which to disagree with the Department of Revenue’s analysis.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1071	AM:	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Lyn Heaton	DATE: 1/31/2018	PHONE: (402) 471-4181
COMMENTS: The impact on the City of Lincoln is indeterminate due to the lack of specificity in the bill as introduced.		

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

2018

LB⁽¹⁾ 1071

FISCAL NOTE

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

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 1/25/18 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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:

Fiscal impact depends on the percentage of sales tax returned to the city.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____