PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 13, 2024 402-471-0051

LB 1374

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2024-25 FY 2025-26						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$165,988		\$41,200				
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$165,988	See Below	\$41,200	See Below			

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

LB 1374 would make changes connected to the Good Life Transformational Projects Act. The changes under this bill would also allow for local government involvement and funding regarding good life districts.

This bill contains the emergency clause.

The Department of Revenue (DOR) estimates that the fiscal impact of the bill to local governments is indeterminable due to an unknown number of qualifying projects and the boundaries of good life districts. The increase to the life of the districts from 25 to 30 years is also estimated by the DOR to increase the negative fiscal impact to General Fund revenues.

The DOR estimates a one-time cost of \$61,588 to be paid to the Office of the Chief Information Officer (OCIO) as well as 0.5 FTE Application Developer Senior and 0.5 FTE Revenue Tax Specialist on an ongoing basis as a result of the bill.

There is no basis to disagree with these estimates by the DOR. However, the DOR does not assume any salary or benefits increases for FY25-26 and FY26-27 for the additional personnel needed pursuant to this bill's provisions. While the actual salary and health insurance increases for FY25-26 and thereafter are not yet determined, it is important to note that any additional personnel in FY24-25 will have ongoing rising costs associated with salary and health insurance increases, which are normally addressed in the biennial budget process for all bargaining and non-bargaining employees.

The Department of Economic Development (DED) estimates that the responsibilities for DED under the bill could be accomplished with current resources. There is no basis to disagree with this estimate.

Lancaster County estimates election costs for local governments that would have an election as a result of this bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 1374	AM:	AGENCY/POLT. SUB: Depar	rtment of Revenue		
REVIEWED BY	: Neil Sullivan	DATE: 2/9/2024	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the Department of Revenue assessment of administrative impact and indeterminate revenue impact from LB 1374.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 1374 AM: AGENCY/POLT. SUB: Department of Economic Development					
REVIEWED BY: Neil Sullivan	DATE: 2/12/2024	PHONE: (402) 471-4179			
COMMENTS: The Department of Economic Development assessment of minimal fiscal impact from LB 1374 appears reasonable.					

ADMINIS	TRATIVE SERVIO	CES STATE BUDGET DIVISION: REVIE	W OF AGENCY & POLT. SUB. RESPONSE	
LB: 1374	AM:	AGENCY/POLT. SUB: Lanca	ster County	
REVIEWED BY	′: Neil Sullivan	DATE: 2/9/2024	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Lancaster County assessment of no fiscal impact from LB 1374.				

ADMINIST	RATIVE SERVICES STA	TE BUDGET DIVISION: REVIEW OF AGEN	NCY & POLT. SUB. RESPONSE	
LB: 1374	AM:	AGENCY/POLT. SUB: Lancaster County	Election Commissioner	
REVIEWED BY:	Neil Sullivan	DATE: 2/9/2024	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Lancaster County Election Commissioner assessment of no net fiscal impact from LB 1374.				

LB ⁽¹⁾ 13/4	•			FISCAL NOTE			
State Agency OR I	Political Subdivision Name: (2)	Nebraska Department of Economic Development					
Prepared by: (3)	Dave Dearmont	Date Prepared: ⁽⁴⁾	2/08/2024 Pho	one: (5) 402-471-3777			
	ESTIMATE PROVID	DED BY STATE AGEN	CY OR POLITICAL SUB	DIVISION			
	FY	2024-25	F	Y 2025-26			
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	REVENUE			
GENERAL FUN	DS						
CASH FUNDS			_				
FEDERAL FUN	DS		_				
OTHER FUNDS			_	<u> </u>			
TOTAL FUNDS							

Explanation of Estimate:

LB1374 creates the Good Life District Economic Development Act ("Program") and amends several statutes. The program would allow a municipality to appropriate local resources to support a Good Life District (GLD) under the Good Life Transformational District Act, if approved by voters. If the election is successful a program district is created with the same boundaries as the GDL, which may be extended by annexation by the municipality; a municipality may enter into an exclusive contract with a qualifying business to provide assistance under the program for development of the property, use of the property, and other matters.

If the city is successful in creating a program district under the provisions of LB1374, the city would be authorized to issue bonds to carry out the purposes of the program and the city is authorized to establish one or more of the following local sources of revenue to repay the bonds:

- An additional local option sales and use tax up to 2.75%
- A general business occupation tax, or portions of an existing local option sales and use tax
- A portion of the city's local option sales and use tax

The bill would also amend portions of the Good Life Transformational District Act, to create an exception to the current restrictions horse tracks or gaming facilities provided these facilities are publicly owned or used by the Nebraska State Fair Board and do not include gaming devices located within these facilities. The length of a GLD would be increased from 25 to 30 years and the size of a GLD would be expanded from 2,000 to 3,000 acres for GLDs outside a city of the metropolitan class. Finally, DED would be responsible for approving applications for changing the boundaries of GLDs and would be required to share all information produced in the application and approval of any GLDs under the act.

LB1374 contains an emergency clause.

The additional duties required of DED due to the provisions of LB1374 can be accomplished with current DED resources.

LB⁽¹⁾ _1374 Page 2

<u>BREAKD(</u>	<u>)WN BY MAJO</u>	<u>JR OBJECTS OF</u>	<u>EXPENDITURE</u>		
Personal Services:					
POSITION TITLE	NUMBER OF POSITIONS 24-25 25-26		2024-25 EXPENDITURES	2025-26 EXPENDITURES	
			<u> </u>		
Benefits					
Operating					
Travel	••				
Capital outlay					
Aid					
Capital improvements					
TOTAL					

LB (1)	1374	1					FISCAL NOTE
State A	gency OR	Political Subdivision Name: (Lanca	aster County	Election Commi	ssioner	
Prepar	ed by: ⁽³⁾	Todd Wiltgen	Dat	e Prepared: ⁽⁴⁾	January 24, 2024	_ Phone: (5	(402) 441-7311
		ESTIMATE PRO	VIDED BY	STATE AGE	NCY OR POLITICA	L SUBDIV	ISION
		F	Y 2024-25			FY 202	-5-96
		<u>EXPENDITUR</u>	-	<u>REVENUE</u>	EXPENDIT		REVENUE
GENE	RAL FUN	IDS					
CASH	FUNDS						
FEDEI	RAL FUN	DS					
ОТНЕ	R FUNDS	<u> </u>	<u> </u>				
ТОТА	L FUNDS	<u></u>					
	ation of E				<u> </u>		
respor	nsibility o		on submittii of Lincoln.	ng the questio	•	ould range	
				OF POSITION			2025-26
	POSIT	TION TITLE	<u>24-25</u>	<u>25-26</u>	EXPENDIT	<u>URES</u>	<u>EXPENDITURES</u>
		•		_	-		
Benefit	t s				_		
Operat	ing						
Travel							
Capital	l outlay						
Aid							
-	-	ments					
TO	TAL						

LB 1374 Fiscal Note 2024

		State Agency	Estimate			
State Agency Name: Department of	f Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	02/09/2024		Phone: 471-5896	
	FY 2024	<u>-2025</u>	FY 2025	<u>-2026</u>	FY 2026-	-2027
	<u>Expenditures</u>	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$165,988	See Below	\$41,200		\$41,200	See Below
Cash Funds						
Federal Funds					_	
Other Funds						
Total Funds	\$165,988	See Below	\$41,200		\$41,200	See Below

LB 1374 adopts the Good Life District Economic Development Act (Act), redefines a term under the Community Development Law and makes changes to the Good Life Transformational Projects Act.

A City or village that has an established good life district under the Good Life Transformational Projects Act may by majority vote of the registered voters of the city or village establish a good life district economic development program and provide authorization to appropriate certain local sources of revenue collected within the district. The economic development program may remain in effect for up to thirty years.

Qualifying businesses in the district may apply for assistance under the good life district economic development program to the city or village and the application will be confidential.

The city or town governing board may authorize an additional local option sales and use tax of up to two and three-quarters percent upon sales within the good life district. The Tax Commissioner will remit the monthly proceeds of the tax to the city or village. The additional local option sales tax is apart from the Local Optional Revenue Act and is not eligible for refunds under other incentive acts. The Tax Commissioner will administer the new local sales tax will in the same manner as under the Local Option Revenue Act.

The city or village governing board is authorized to establish a general business occupation tax upon businesses within the good life district.

The city or village governing board is authorized to issue bonds to carry out the purposes of the Good Life District Economic Development Act.

The city or town will establish a good life district economic development fund where proceeds from the additional local option sales and use tax, occupation tax, and sale of bonds will be deposited. Distributions from the fund may be made to a qualified business for the payment or reimbursement of eligible costs. The governing body may appropriate funds from the good life district economic development fund for eligible costs of the good life district

Major Objects of Expenditure							
GL G I		24-25	25-26	26-27	24-25	25-26	26-27
Class Code	<u>Classification Title</u>	<u>FTE</u>	<u>FTE</u>	FTE	Expenditures 621,000	Expenditures	Expenditures
A29621	Revenue Tax Specialist	.5	.5	.5	\$31,000	\$31,000	\$31,000
A07012	Information Technology Applications Developer/Senior	0.5			\$40,000		
							_
Benefits					\$23,400	\$10,200	\$10,200
					\$61,588		
Capital Outlay					\$10,000		
Capital Improven	nents						
					\$165,988	\$41,200	\$41,200

economic development program and paying principal of and interest on bonds. The city of village will provide for an annual outside independent audit of each good life district economic development program.

The city or village may enter into contracts and agreements with qualifying businesses related to assistance under the good life district economic development program provided the city or town enters into an exclusive agreement with an applicant approved by the Department of Economic Development (DED).

The Nebraska Budget Act will not apply to any good life district economic development program.

For purposes of the Community Development Law, a good life district is added to the definition of blighted area.

The Good Life Transformational Projects Act is amended to allow a good life district to include a licensed racetrack enclosure if it is publicly owned or used by the Nebraska State Fair Board provided no gaming devices or games of chance are operated in the facility. Expands the life of a good life district from twenty-five years to thirty years and increases the allowable size to three thousand acres in size for projects outside of the metropolitan class. The applicant and DED may adjust the boundaries of the good life district provided any removal of an area has not been pledged for payment of bonds under the Good Life District Economic Development Act. DED will provide all information related to the application of an approved good life district to the city or village, the information will remain confidential. There is no similar provision to notify the Department of Revenue (DOR) of the boundaries or rate changes within a Good Life District. There is no provision to allow proper notification to retailers of the sales tax rate changes contained in the Good Life District. For rate changes retailers and the public are given at least 60 days notice of the rate changes and in most cases DOR provides 120 days notice.

The fiscal impact of LB 1374 to the city or town is indeterminable due to an unknow number of qualifying projects and the boundary of the Good Life District. Increase the life of the district from 25 years to 30 years will also increase the fiscal impact to the General Fund revenues.

It is estimated that a one-time payment of \$61,588 paid to the OCIO for programming cost for the implementation of multiple tax rate in a given area. DOR will also need 0.5 FTE of the Application Developer Senior for one year and a 0.5 FTE tax specialist on an ongoing basis to implement LB 1374.

The operative date for this bill is three months after adjournment.

LB ⁽¹⁾ 1374					FISCAL NOTE		
State Agency OR P	olitical Subdivision Name: (2	Lancaster County	Lancaster County (Budget & Fiscal)				
Prepared by: (3)	Dennis Meyer	Date Prepared: (4)	1-25-24	Phone: (5)	402-441-6869		
- <u></u>	ESTIMATE PRO	VIDED BY STATE AGE	NCY OR POLITICA	AL SUBDIVIS	SION		
	E	Y 2024-25		FY 2025	S-96		
	<u>EXPENDITURE</u>		EXPENDIT		REVENUE		
GENERAL FUNI	DS						
CASH FUNDS	_	_	_				
FEDERAL FUNI	os						
OTHER FUNDS		_					
TOTAL FUNDS							
Explanation of Es	stimate:						
		WN BY MAJOR OBJEC	<u> IS OF EXPENDIT</u>	<u>URE</u>			
Personal Services		NUMBER OF POSITION	S 2024-2	 25	2025-26		
POSITI	ION TITLE	<u>24-25</u> <u>25-26</u>	EXPENDIT		EXPENDITURES		
Benefits							
Operating							
Travel							
Capital outlay							
Aid							
Capital improven	nents						
TOTAL							