John Wiemer February 06, 2024 402-471-0051

LB 1197

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	4-25	FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUNDS							
CASH FUNDS							
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 1197 would add the definition of nonprofit organization with certain requirements under the Sports Arena Facility Financing Assistance Act.

The bill would change the program area in the Act for eligible sports arena facilities that are a sports complex so that for applications for state assistance submitted on or after the effective date of the Act, it would be the area that is located within 600 yards of an eligible sports arena facility, measured from any point of the exterior boundary or property line of the facility, except that if 25% or more of such area is unbuildable property, then the program area would be adjusted so that:

- It avoids as much of the unbuildable property as is practical; and
- It contains contiguous property with the same total amount of square footage that the program area would have contained had no adjustment been necessary.

Under the bill, it would be added that applicants could apply for state assistance if the applicant has approved the use of state assistance for one or more of the following purposes for an eligible sports arena facility that is a privately owned sports complex:

- To pay back amounts expended or borrowed through one or more issues of bonds to be expended by the applicant to acquire, construct, improve, lease, or equip a nearby parking facility or a commons area open to the general public; or
- To promote sporting events which are open to or made available to the general public. No more than 10 years of funding for
 promotion of sporting events could be paid by state assistance received.

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

The Department of Revenue estimates an indeterminant but potentially significant reduction in state sales tax revenue depending on projects that are approved under the Act.

The DOR estimates minimal costs to it to implement the bill.

There is no basis to disagree with the DOR.

The State Treasurer estimates no fiscal impact to it from the bill. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 1197	AM:	AGENCY/POLT. SUB: State	Treasurer		
REVIEWED B	Y: Neil Sullivan	DATE: 2/5/2024	PHONE: (402) 471-4179		
COMMENTS: The State Treasurer assessment of no fiscal impact from LB 1197 appears reasonable.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1197	AM:	AGENCY/POLT. SUB: Depart	ment of Revenue			
REVIEWED BY:	Neil Sullivan	DATE: 2/6/2024	PHONE: (402) 471-4179			
COMMENTS: The Department of Revenue assessment of contingent fiscal impact from LB 1197 appears reasonable.						

Fiscal Note 2024

		State Agency	Estimate				
State Agency Name: Department of	Date Due LFO:						
Approved by: James R. Kamm Date Pr			02/05/2024	Phone: 471-5896			
	FY 2024	4-2025	FY 2025-2026		<u>FY 2020</u>	<u>FY 2026-2027</u>	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		See below		See below		See below	
Cash Funds	See below		See below		See below		
Federal Funds							
Other Funds							
Total Funds	See below	See below	See below	See below	See below	See below	

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LB 1197 adds a new definition of a nonprofit organization in Neb. Rev. Stat. § 13-3102 as meaning a nonprofit corporation that meets a specific set of requirements.

The bill also changes the program area for any eligible sports arena facility that is a sports complex. For applications submitted on or after the effective date to the bill, it is the area that is located within 600 yards of an eligible sports arena facility, measured from any point of the exterior boundary or property line of the facility. If 25% or more of the area is unbuildable property, the area will be adjusted so it avoids as much of the unbuildable property as is practical and it contains contiguous property with the same total amount of square footage that the program area would have contained had no adjustment been needed.

The bill also allows state assistance to be used to provide funding for the promotion of sporting events.

The revenue impact on the General Fund and Cash Funds remains unknown and contingent upon future qualifying sports complex facility projects. Depending on the location of these projects and the nearby businesses, there is potential for a significant reduction in state sales tax revenue. For comparison purposes, \$15.725 million was transferred during fiscal year 2022-2023 under the terms of the Sports Arena Facility Financing Assistance Act and the Convention Center Facility Financing Assistance Act for four current projects.

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.

Major Objects of Expenditure								
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>	
Benefits			I 	I 				
Travel								
Capital Outlay								
Capital Improvements								
Total								

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LB ⁽¹⁾ 1197					FISCAL NOTE
State Agency OR Political Su	ıbdivision Name: (2)	State Treasurer			
Prepared by: ⁽³⁾ Jason \	Walters	Date Prepared: ⁽⁴⁾	Jan. 22, 2024	Phone: (5)	402-471-2793
E	STIMATE PROVI	DED BY STATE AGEN	CY OR POLITICA	L SUBDIVIS	ION
	<u>FY 2</u> EXPENDITURES	2024-25 <u>REVENUE</u>	EXPENDIT	<u>FY 2025-</u> URES	-26 <u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS			<u> </u>		
OTHER FUNDS			<u> </u>		
TOTAL FUNDS					
Explanation of Estimate:					

The State Treasurer's Office doesn't expect any fiscal impact from LB 1197 to the office.

DOWN BY MA.	OR OBJECTS O	<u>F EXPENDITURE</u>		
NUMBER OF POSITIONS		2024-25	2025-26	
<u>24-25</u>	25-26	EXPENDITURES	EXPENDITURES	
	NUMBER OF	NUMBER OF POSITIONS 24-25 25-26	24-25 25-26 EXPENDITURES	