PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 7, 2023 402-471-0051

LB 797

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 202	23-24	FY 20	24-25				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$40,100	(\$16,173,000)	\$49,100	(\$24,745,000)				
CASH FUNDS	\$16,815,000	\$16,269,000	\$25,924,000	\$24,922,000				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$16,855,100	\$96,000	\$25,973,100	\$177,000				

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

LB 797 seeks to amend provisions in the Convention Center Facility Financing Assistance Act. The bill increases the source of sales tax revenue to include nearby retailers and makes changes so that \$200 million is the maximum to be approved per project. Nearby retailers are ones located within 1,200 yards of an eligible facility. The bill also changes the sunset date to accept new applications to December 31, 2024 from December 31, 2012.

The Department of Revenue (DOR) estimates the following fiscal impact to funds from the bill:

	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Convention Center Support Fund
FY 2023-2024	(\$16,173,000)	(\$546,000)	(\$96,000)	\$16,815,000
FY 2024-2025	(\$24,745,000)	(\$1,002,000)	(\$177,000)	\$25,924,000
FY 2025-2026	(\$25,240,000)	(\$1,022,000)	(\$180,000)	\$26,442,000
FY 2026-2027	(\$25,745,000)	(\$1,042,000)	(\$184,000)	\$26,971,000

There is estimated to be a revenue loss to the State Highway Capital Improvement Fund and the Highway Allocation Fund, which is distributed to cities and counties. Revenue from the Convention Center Support Fund would be expended from Cash Funds, 70% to cities and 30% to the Civic and Community Center Financing Fund.

The DOR estimates a need for 0.5 FTE of a Revenue Tax Specialist Senior to research and track the increased number of retailers that are located within 1,200 yards of an eligible facility.

The Nebraska Department of Transportation (NDOT) estimates match the estimates from the DOR.

There is no basis to disagree with the estimates provided by DOR and NDOT.

Political subdivisions could see an increase in tax revenue as a result of the additional sales tax radius now at 1,200 yards.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 797 AM: AGENCY/POLT. SUB: Department of Transportation						
REVIEWED E	BY: Neil Sullivan	DATE: 2/7/2023	PHONE: (402) 471-4179			
COMMENTS: The Department of Transportation assessment of fiscal impact from LB 797 appears reasonable.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 797 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED E	BY: Neil Sullivan	DATE: 2/7/2023	PHONE: (402) 471-4179			
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 797 appears reasonable.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 797	AM:	AGENCY/POLT. SUB: City of	Omaha			
REVIEWED BY	′: Neil Sullivan	DATE: 2/3/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the City of Omaha assessment of local revenue impact from LB 797.						

ADMINI	STRATIVE SERVICES	S STATE BUDGET DIVISION: REVI	EW OF AGENCY & POLT. SUB. RESPONSE		
LB: 797	AM:	AGENCY/POLT. SUB: Lanca	aster County		
REVIEWED B	Y: Neil Sullivan	DATE: 2/3/2023	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the Lancaster County assessment of no fiscal impact from LB 797.					

ADMINIST	RATIVE SERVICES STA	TE BUDGET DIVISION: REVIEW OF AGE	NCY & POLT. SUB. RESPONSE			
LB: 797 AM: AGENCY/POLT. SUB: Nebraska Association of County Officials						
REVIEWED BY:	Neil Sullivan	DATE: 2/3/2023	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of indeterminate local impact from LB 797.						

LB 797 Fiscal Note 2023

		State Agen	cy Estimate			
State Agency Name: Department	of Revenue]	Date Due LFO:	
Approved by: Glen White		Date Prepare	d:]	Phone: 471-5896	
	FY 2023	FY 2023-2024		FY 2024-2025		5-2026
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$40,100	(\$16,173,000)	\$49,100	(\$24,745,000)	\$50,300	(\$25,240,000)
Cash Funds		\$16,269,000		\$24,922,000		\$25,420,000
Federal Funds						
Other Funds		(\$96,000)		(\$177,000)		(\$180,000)
Total Funds	\$40,100	\$ 0	\$49,100	\$ 0	\$50,300	\$0

LB 797 amends the Convention Center Facility Financing Assistance Act (Act) as follows:

- Increases the source of sales tax collected by retailers to all nearby retailers within 1,200 yards of an eligible facility and includes all retailers within this boundary in addition to hotels, which are in the current Act.
- Increases the total state assistance from \$150 million to \$200 million for any approved project.
- Changes the sunset date to accept new applications under the Act from December 31, 2012, to December 31, 2024.

Assuming a starting date of October 1, 2023, the estimated impact of the increase in the boundary from 600 yards to 1,200 yards is expected to be as follows:

	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund	Convention Center Support Fund
FY 2023-2024	(\$16,173,000)	(\$546,000)	(\$96,000)	\$16,815,000
FY 2024-2025	(\$24,745,000)	(\$1,002,000)	(\$177,000)	\$25,924,000
FY 2025-2026	(\$25,240,000)	(\$1,022,000)	(\$180,000)	\$26,442,000
FY 2026-2027	(\$25,745,000)	(\$1,042,000)	(\$184,000)	\$26,971,000

In addition, the bill would increase the total cost through the completion of each project by \$50 million. Currently, there are two projects in operation under this Act.

The fiscal impact for extending the sunset of the Act to December 31, 2024 is indeterminable as it is contingent upon the qualifying projects and their locations, which will determine the nearby businesses to be included.

LB 797 will require 0.5 FTE of a Revenue Tax Specialist Senior to research and track the increased number of retailers that are located within 1,200 yards of an eligible facility.

Major Objects of Expenditure								
Class Code A29622	<u>Classification Title</u> Revenue Tax Specialist Senior	23-24 FTE 0.5	24-25 <u>FTE</u> 0.5	25-26 <u>FTE</u> 0.5	23-24 <u>Expenditures</u> \$26.400	24-25 <u>Expenditures</u> \$36,900	25-26 <u>Expenditures</u> \$37.800	
ALJULL	Revenue Tax Speciansi Senior	0.5	0.5	0.5	Ψ20,400	ψ30,700	Ψ31,000	
Benefits					\$8,700	\$12,200	\$12,500	
Capital Outlay					\$5,000			
	nents				\$40,100	\$49,100	\$50,300	

Please complete <u>ALL</u> (5)	blanks in the first thre	ee lines.						2023
LB ⁽¹⁾ 797							FISC	AL NOTE
State Agency OR Political S	Subdivision Name: (2)	Nebras	ka Departn	nent of Tra	nsporta	tion		
Prepared by: ⁽³⁾ Liza A	lderman	Date l	Prepared: ⁽⁴⁾	2/3/23		Phone: (5)	402-	479-4692
	ESTIMATE PROVI	DED BY S	TATE AGEN	CY OR PO	LITICAL	SUBDIVIS:	ION	
	FY 2	2023-24				FY 2024-	-25	
	EXPENDITURES	<u>F</u>	<u>REVENUE</u>	EXP	ENDITUE			<u>EVENUE</u>
GENERAL FUNDS								
CASH FUNDS		(\$546,000)				(\$^	1,002,000)
FEDERAL FUNDS				<u> </u>				
OTHER FUNDS			(\$96,000)	. <u></u>			(\$	3177,000)
TOTAL FUNDS		(\$642,000)				(\$^	1,179,000)
Explanation of Estimates LB 797 proposes state 77-2703.01 to 77-2703 Convention Center Fain section 77-2701.32 from any point of the ellipse addition, the proposes	e sales tax collecte 3.04, is included in cility Financing Ass that is located with exterior perimeter o	the calcusistance And in one the of the eligi	lation of the Act. The bill ousand two ble facility b	approved defines a nundred yaut not from	amount f earby ref ards of ar any park	or state as tailer as a n eligible fa king facility	ssistar retaile acility, or ot	nce under the er as defined , measured her structure.
million dollars from the								
	Rev	venue to l	Build Nebras					
			FY2023/2		24/25	FY2025/		FY2026/27
State Highway Cap	ital Improvement F	·und	(546,00	(1,00 0)	2,000)	(1,022,0)00)	(1,042,000)

	FY2023/24	FY2024/25	FY2025/26	FY2026/27			
State Highway Capital Improvement Fund	(546,000)	(1,002,000)	(1,022,000)	(1,042,000)			
Highway Allocation Fund (cities and counties)	(96,000)	(177,000)	(180,000)	(184,000)			
Total	(642,000)	(1,179,000)	(1,202,000)	(1,226,000)			

This estimate of decreased tax revenue was obtained from the Nebraska Department of Revenue. The change in the sales tax base will negatively impact revenues to the Build Nebraska Act funds resulting in less available funding to the State Highway Capital Improvement Fund for NDOT and the Highway Allocation Fund for cities and counties.

<u>BREAKD</u>	<u>OWN BY MA</u>	<u>IOR OBJECTS O</u>	<u>F EXPENDITURE</u>	
Personal Services:				
	NUMBER OF POSITIONS		2023-24	2024-25
POSITION TITLE	23-24	<u>24-25</u>	EXPENDITURES	EXPENDITURES
	·			
				
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
				
TOTAL				

LB ⁽¹⁾ 797			FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	City of Omaha		
Prepared by: (3)	Date Prepared: (4)	2-2-23 Phone:	(5) 402-444-5451
ESTIMATE PROV	IDED BY STATE AGEN	NCY OR POLITICAL SUBDIV	ISION
EV	0000 04	EV 00	04.05
<u>EXPENDITURES</u>	2023-24 REVENUE	<u>FY 20</u> <u>EXPENDITURES</u>	REVENUE
GENERAL FUNDS	7,000,000		7,210,000
CASH FUNDS			
FEDERAL FUNDS			
OTHER FUNDS		<u> </u>	
TOTAL FUNDS			
Explanation of Estimate:			
BREAKDOV Personal Services:	VN BY MAJOR OBJECT	S OF EXPENDITURE	
	UMBER OF POSITION 23-24 24-25	S 2023-24 EXPENDITURES	2024-25 EXPENDITURES
Benefits		-	
Operating			
Travel			
Capital outlay			
Aid			
Capital improvements			
ΤΩΤΔΙ			

TOTAL.....

LB ⁽¹⁾ 797			FISCAL NOTE			
State Agency OR Political Subdivision Name: (2)	County of Lancaster					
Prepared by: ⁽³⁾ David Derbin	Date Prepared: (4)	1/23/2023 Phone:	(5) 4024416865			
ESTIMATE PROV	VIDED BY STATE AGEN	CY OR POLITICAL SUBDI	VISION			
<u>FY</u>	<u> 2023-24</u>	<u>FY 20</u>	Y 2024-25			
<u>EXPENDITURE</u>	<u>REVENUE</u>	EXPENDITURES	<u>REVENUE</u>			
GENERAL FUNDS						
CASH FUNDS	_					
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS						
Explanation of Estimate:						
No Fiscal Impact.						
110 Floodi Impaot.						
DDE A KDOY	WN BY MAJOR OBJECT	C OF EVDENDITUDE				
Personal Services:	WN BI WAJOR OBJECT	S OF EAFENDITURE				
N	NUMBER OF POSITIONS		2024-25			
POSITION TITLE	23-24 $24-25$	<u>EXPENDITURES</u>	EXPENDITURES			
		·				
Benefits						
Operating						
Travel		·				
Capital outlay						
Aid						
Capital improvements						

LB ⁽¹⁾ 797						FISCAL NOTE	
State Agency OR	Political Subdivision Name: (Nebraska Association of County Officials (y Officials (NA	(NACO)	
Prepared by: ⁽³⁾	Elaine Menzel	Date	Prepared: (4)	1/25/2023	Phone: (5)	402.434.5660	
	ESTIMATE PRO	VIDED BY	STATE AGEN	NCY OR POLIT	ICAL SUBDIVIS	SION	
	F	Y 2023-24			FY 2024	0 5	
	EXPENDITUR		<u>REVENUE</u>	<u>EXPENI</u>	<u>PT 2024</u> DITURES	REVENUE	
GENERAL FUN	IDS						
CASH FUNDS		<u></u>					
FEDERAL FUN	DS			-			
OTHER FUNDS	<u></u>						
TOTAL FUNDS	3			<u> </u>			
Explanation of E							
anpinineson of a							
to \$200 millio The additiona	nearby retailers, other n dollars for any one a newenue identified w mary class city, as ide	approved ould poss	project. ibly be avail	able within c	ounties with a	metropolitan class	
		OWN BY MA	JOR OBJECT	S OF EXPEND	<u>ITURE</u>		
Personal Service		NUMBER C	F POSITION	S 209	23-24	2024-25	
POSIT	TION TITLE	<u>23-24</u>	<u>24-25</u>		<u>DITURES</u>	EXPENDITURES	
Benefits							
Operating							
Travel							
-							
Aid							
Canital improve	ments						