

Revised based on amendments adopted through 3/20/2018

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				
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.

Provisions of LB873, as introduced, included amendments to various statutes relating to municipalities which are technical, clarifying and harmonizing in nature and appear to represent no fiscal impact. As amended by AM2065, these original elements of the bill continue to be included in LB873.

In addition to original provisions of the bill, LB873, as amended by AM2065, includes provisions of the following bills relating to municipalities. The committee statement for LB873 identifies those sections of AM2065 that represent provisions of LB735, LB748, LB765, LB768, LB854 and LB880. These bills and fiscal note comments relating to the respective bills as introduced include:

Bill LFO Analyst / Fiscal Note Comments

LB735 Phil Hovis: LB735 would authorize municipalities to enter into an interlocal agreement with a county in which the extraterritorial zoning jurisdiction of a municipality is located to provide for joint and cooperative action to abate, remove, or prevent nuisances within the extraterritorial zoning jurisdiction of the municipality. Related fiscal impacts for relevant political subdivisions would be contingent upon the extent to which related interlocal agreements would be entered into as well as the nature and extent of nuisance abatement, removal or prevention that may be undertaken under such agreements.

LB748 Jeanne Glenn: LB748 would revise six sections of law to allow the most recent federal decennial census or the most recent revised certified count by the United States Bureau of the Census to be used when determining the population of a municipality. Current law allows only the most recent federal decennial census to be used to determine municipal population.

LB 748 would amend Sec. 13-2705 provisions relating to minimum population thresholds set for categories under the Civic and Community Center Financing Act. The words "at least" would replace the words "more than" when designating the minimum population eligible for a grant category.

LB 748 would also amend references to municipal governing bodies under Section 19-3052.

It is estimated that there would be no fiscal impact to the Department of Economic Development to make the adjustment to the population thresholds under the Civic and Community Center Financing Act. Any fiscal impact to municipalities is estimated to be minimal in nature.

LB765 Kathy Tenopir: No fiscal impact.

LB768 Jeanne Glenn: LB 768 would allow first and second class cities and villages to carry out early childhood infrastructure development projects under the provisions of the Local Option Municipal Economic Development Act.

It is not known on a statewide basis how many first or second class cities or villages might opt to use local funds for such purposes. It is possible that existing programs could be amended or new programs established to fund projects as established under LB 768. Costs would vary based upon the scope of projects that are carried out.

There would be no fiscal impact to state agencies.

LB854 Doug Gibbs: LB 854 amends the Nebraska Municipal Land Bank Act to allow any city or village in the state to create a land bank. There is no fiscal impact to the state as a result of the provisions of LB 854.

LB880 Sandy Sostad: LB 880 requires cities and villages that develop a new or updated comprehensive plan after the effective date of the bill, but not later than January 1, 2022, to include an early childhood element. The plan is to assess the supply of quality early childhood education programs, evaluate the availability and utilization of quality licensed child care programs and promote early childhood health and education measures that benefit the community.

The bill has no fiscal impact for any state agency. It may have a fiscal impact for a city or village in the next four years if a new or updated comprehensive plan is developed. The fiscal impact depends upon how the information on early childhood programs is assessed and evaluated. The City of Lincoln indicates the bill will have no fiscal impact because there has been work done in the community to identify early childhood education and care programs. In contrast, the City of Imperial indicates the use of a consulting firm to gather the required information could cost an estimated \$10,000.

Modified elements of LB756 amended in LB873:

In addition to the foregoing, with adoption of AM2519 to Urban Affairs Committee AM2065, LB873 also contains certain modified provisions of LB756. As amended by AM2519, related provisions of LB873 would provide that a municipality shall not adopt or enforce an ordinance or other regulation that prohibits the use of a property as a *short term rental (as defined in AM2519)*. As amended by AM2519, the bill further provides a municipality may adopt and enforce an ordinance or other regulation that specifically regulates property used as a short-term rental and expressly provides that a municipality may impose a sales or occupation tax on short-term rentals if the tax is otherwise permitted by applicable law.

With adoption of AM2519 to Urban Affairs Committee AM2065, LB873 also authorizes the Tax Commissioner to enter into an agreement with an *online hosting platform (as defined in AM2519)* to permit the online hosting platform to collect and pay applicable sales taxes on behalf of a seller or hotel operator otherwise required to collect such taxes for transactions consummated through the online hosting platform. Upon entering into such an agreement with an online hosting platform, the Tax Commissioner is to waive the tax collection responsibility of a seller or hotel operator for transactions consummated through the online hosting platform for which the online hosting platform has assumed this responsibility.

The Department of Revenue indicates that provisions of LB873 related to the adoption of AM2519 to Urban Affairs Committee AM2065 represent minimal implementation costs to the agency. In addition, the Department estimates the related provisions represent no impact on General Fund revenues.

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA: 3/26/2018

Approved by: Tony Fulton

Date Prepared: 3/26/2018

Phone: 471-5896

	<u>FY 2018-2019</u>		<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	Minimal		Minimal		Minimal	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	Minimal		Minimal		Minimal	

AM 2519 to LB 873 would prohibit cities, villages, or counties from adopting or enforcing an ordinance or resolution that prohibits short-term rentals of single-family dwellings or condominium units or otherwise restricts their use. The amendment has exceptions for ordinances or resolutions designed to protect the public health of the community or for regulations covering zoning, noise, or minimum property maintenance.

New section 344 would define an “online hosting platform” as a marketplace connected by a computer through which a seller or hotel operator may rent out accommodations in a hotel, motel, inn, etc. and the occupant may arrange for the occupancy. The Tax Commissioner may enter into an agreement with an online hosting platform to permit the online hosting platform to collect and remit sales taxes, local sales taxes, and lodging taxes on behalf of the hotel operator for the transactions executed through the online hosting platform. If an agreement is executed, the online hosting platform must give written notice to each hotel operator covered by the agreement. Upon entering into such an agreement, the online hosting platform must report aggregate information on a form provided by the Tax Commissioner.

The operative date is 3 months after enactment.

The amendment will require minimal costs to the Department to implement.

It is estimated that this amendment will have no impact on General Fund revenues.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>18-19</u> <u>FTE</u>	<u>19-20</u> <u>FTE</u>	<u>20-21</u> <u>FTE</u>	<u>18-19</u> <u>Expenditures</u>	<u>19-20</u> <u>Expenditures</u>	<u>20-21</u> <u>Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							