PREPARED BY: DATE PREPARED: PHONE: Douglas Gibbs February 02, 2018 402-471-0051

LB 942

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	8-19	FY 2019-20				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		(\$32,000)		(\$69,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		(\$32,000)		(\$69,000)			

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

LB 942 creates the Metropolitan Port Authority Act.

The bill provides that a city of the metropolitan class which is situated upon or adjacent to a navigable waterway may create a port authority. Omaha is the only city in Nebraska that meets these criteria.

The city council creates the port authority by designating the areas within the city that could be reasonably connected to the business of a port. After approval by the council the boundaries are filed with the city clerk. The city may also change the boundaries from time to time. The city council is also authorized to expend city funds for the development and planning of the authority.

The bill provides powers for the port authority that include: confer with similar bodies; adopt comprehensive plans; levy a sales and use tax within its boundaries; pledge revenues generated to repay any outstanding obligations; approve the construction of all wharves, piers, bulkheads, jetties, or other structures; cause to be removed harbor obstructions; acquire, own, construct, etc. facilities, warehouses, or developments; acquire right-of-way; contract, sue, and be sued; accept funds; employ personnel; disburse funds; adopt or repeal bylaws; and enter into agreements with private operators or public entities for development or reclamation of property.

The port authority shall have the power to issue and sell tax-free revenue bonds.

LB 942 also provides that the port authority is not required to pay any taxes or assessments.

The port authority is to be administered by a board of commissioners, appointment of which is to be determined by the city council.

Any expenditure by a port authority over \$25,000 shall be competitively bid.

The bill has an operative date of January 1, 2019.

The Department of Revenue has indicated that, assuming a port authority is created within a year of the effective date of the Act, that it would be similar to a business improvement district. The Department estimates the following fiscal impact to the General Fund:

FY2018-19: (\$32,000) FY2019-20: (\$69,000) FY2020-21: (\$75,000)

The Department of Revenue indicates minimal costs to implement the provisions of LB 942.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB:	LB: 942 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue						
REVIEWED BY: Ann Linneman DATE: 2-2-18			PHONE: (402) 471-4180				
COMMENTS: The Nebraska Department of Revenue's assessment of fiscal impact seems reasonable given the assumptions used.							

State Agency Estimate							
State Agency Name: Department of Revenue					Date Due LFA:	2/5/2018	
Approved by: Tony Fulton		Date Prepared:	2/1/2018		Phone: 471-5896		
FY 2018-2019		3-2019	FY 2019-2020		FY 2020-2021		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$32,000)		(\$69,000)		(\$75,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$32,000)		(\$69,000)		(\$75,000)	

LB 942 would allow any city of the metropolitan class (Omaha) to create a port district to be governed by a port authority. To create the district, the city council is to designate the areas within the city that could reasonably be connected to the business of a port. The boundaries are approved by the city council and filed with the city clerk. The city council may expend funds for the planning and development of a port district.

The governing board of a port authority must be at least seven members as evenly split between political parties as is possible. The city council is to determine their qualifications and salaries. Expenditures over \$25,000 must be competitively bid. The city council may also dissolve a port authority.

The port authority has the power to adopt plans for development, levy a sales and use tax for paying some or all of the cost of a project in the port district, pledge revenues to repay obligations, recommend public improvements, represent the port district before other agencies, enter into agreements to approve construction of wharves and piers, prevent or remove obstructions, acquire or construct developments, recreational facilities, warehouses, etc., acquire interests in real property or rights of way, contract, sue and be sued, employ professional expertise, and disburse funds. The port authority may also enter into agreements with public or private operators for development of property within the district. The port authority may issue revenue bonds.

No port authority is required to pay any tax or assessments. The bonds are also tax exempt.

Assuming a port district is created within a year of the effective date, the Department assumes this port district would be similar to that of business improvement districts. Thus, the Department estimates the reduction to the General Fund would be as follows:

FY 2018-2019	\$32,000
FY 2019-2020	\$69,000
FY 2020-2021	\$75,000

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 Expenditures	19-20 Expenditures	20-21 Expenditures
Operating Costs	Operating Costs.						
Travel							
Total							