

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS	\$25,300	See Below	\$51,635	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$25,300	See below	\$51,635	See below

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

LB 39 changes various provisions of the Sports Arena Facility Financing Assistance Act. Most notably, LB 39 introduces the classification of sports complexes into the Act. LB 39 redefines “new revenue” for eligible sports arena facilities that are not complexes, and introduces a new revenue definition for facilities that are sports complexes. Furthermore, LB 39 redefines project completion date, differentiating between projects involving the acquisition or construction of an eligible facility and all other projects.

LB 39 carries the emergency clause, and as such would go into effect immediately upon passing.

Revenue:

The Department of Revenue estimates the fiscal impact on the General Fund and Cash Funds is unknown and contingent on the number of future qualifying sports complex facility projects, but depending on the location and nearby businesses, the reduction in state sales tax revenue could be significant. We agree that the fiscal impact of LB 39 will be dependent upon the location of each facility, surrounding businesses’ sales tax collections, and the total number of facilities that qualify for incentives under the bill. It is not possible to determine the total fiscal impact due to these factors.

The department notes that, for comparison purposes, pursuant to the Sports Arena Facility Financing Assistance Act and Convention Center Facility Financing Assistance Act, for three current projects, a total of \$14.017 million was transferred in FY19-20. For example, the Ralston Arena, the smallest of the three and an approved facility under the Sports Arena Facility Financing Assistance Act, generated \$4.41 million in sales tax pursuant to the act in FY19-20, of which \$3.08 million was state assistance and \$1.32 million was deposited in the Civic and Community Center Financing Fund. We estimate that, for each new sports complex under LB 39, the amount transferred is likely to be less than for each of the currently-approved facilities, as each project will likely be of a smaller scale. However, the overall fiscal impact could be substantial based on the number of approved facilities.

Expenditures:

The Department of Revenue estimates no costs to implement LB 39. There is no basis to disagree with this estimate.

The Department of Economic Development estimates the need for a 0.5 FTE DED Business Consultant to administer the additional grants expected as a result of LB 39. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 39	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 2/16/2021	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of indeterminate fiscal impact from LB 39.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 39	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Neil Sullivan	DATE: 2/12/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of administrative expense and indeterminate revenue impact from LB 39 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 39	AM:	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Neil Sullivan	DATE: 1/25/2021	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the City of Lincoln assessment of no fiscal impact from LB 39, impact would be dependent upon approval of eligible projects.		

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 39

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Economic Development

Prepared by: ⁽³⁾ Anthony Goins Date Prepared: ⁽⁴⁾ 1/19/2021 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$25,300	(See Below)	\$51,635	(See Below)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$25,300</u>	<u>(See Below)</u>	<u>\$51,635</u>	<u>(See Below)</u>

Explanation of Estimate:

LB39 would expand the definition of sports facility to include “any sports complex, including concession areas, parking facilities, and onsite administrative offices connected with operating the sports complex” for purposes of the Sports Arena Facility Financing Assistance Act. The bill defines sports complex to include indoor, and/or outdoor, venues that are primarily used for competitive sports, and venues are defined to include such things as baseball, softball, or multipurpose fields, and other indoor or outdoor facilities used for competitive sports.

If an application is made to approve a sports facility under the act to the board and the board approves, the city may receive a turnback of the state sales tax from nearby retailers from the time beginning with the start of the project and ending 48-months after the completion of the project.

Under Section 13-3108(9), 30% of the state sales tax revenue shall be “appropriated by the Legislature and transferred to the Civic and Community Center Financing Fund.” This fund is used by DED to make grants to applicants for civic and community centers. The additional amount of turnback flowing into the fund is unknown; however, it could significantly increase the number of grants that can be awarded under the DED program. This would result in additional applications to score and grants to be monitored. This is expected to result in the need for an increase of 0.5 FTE of a DED Business Consultant, beginning in January of 2022, to administer and monitor the additional grants.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49310 Econ Dev Bus. Consultant	0.25	0.50	\$14,855	\$30,455
Benefits.....			5,945	12,180
Operating.....			3,000	6,000
Travel.....			1,500	3,000
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$25,300	\$51,635

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2021

LB⁽¹⁾ 39

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 1/22/21 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____