PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 13, 2024 402-471-0051

LB 1251

Revision: 00

## **FISCAL NOTE**

## LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	24-25	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 1251 would make changes to the Sports Arena Facility Financing Assistance Act.

The bill would add to the definition of eligible sports arena facility any small sports facility including concession areas, parking facilities, and onsite administrative offices connected with operating the small sports facility. A small sports facility would mean a facility located in a city of the second class or village that:

- Includes indoor areas, outdoor areas, or both;
- Is primarily used for competitive sports; and
- Contains at least two separate sports venues

For any eligible small sports facility, 100% of the state sales tax revenue by the nearby retailer and soured to the program area would be considered new state sales tax revenue under the Act. The program area for such facility would be the corporate limits of the city of the second class or village in which the facility is located.

The bill would remove from the definition of sports complex for cities of the second class or villages to have four separate sports venues.

The bill would add that for any eligible small sports facility, 25% of the state sales tax revenue collected by retailers doing business at eligible sports arena facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and new state sales tax revenue collected by nearby retailers and sourced to the program area would be received by the political subdivision from the certification for small sports facilities under the Act. The remaining 75% would be distributed in accordance with section 77-27,132.

State assistance for a small sports facility to the political subdivision would no longer be available after five years of funding or when state assistance reaches \$100 million, whichever would come first.

The operative date for this bill would be three months after adjournment.

The Department of Revenue (DOR) estimates an indeterminant revenue impact to General Funds and Cash Funds depending on projects that are approved under the Act. The DOR also estimates potential for a significant reduction in state sales tax revenue depending on the number and location of projects. The DOR provided an example that if the five largest second class cities in the state started projects at the same time, the estimated General Fund impact would be a reduction of \$22 million per year.

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

There is no basis to disagree with these estimates by 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: 1251	AM:	AGENCY/POLT. SUB: State 1	Freasurer		
REVIEWED E	BY: Neil Sullivan	DATE: 2/13/2024	PHONE: (402) 471-4179		
COMMENTS: The State Treasurer assessment of no fiscal impact from LB 1251 appears reasonable.					

ADMINIST	RATIVE SERVICES STA	TE BUDGET DIVISION: REVIEW OF AGEN	ICY & POLT. SUB. RESPONSE			
LB: 1251	AM:	AGENCY/POLT. SUB: Department of Rev	enue			
REVIEWED BY:	Neil Sullivan	DATE: 2/13/2024	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Revenue assessment of indeterminate revenue impact and minimal administrative impact from LB 1251.						

**LB 1251** Fiscal Note 2024

State Agency Estimate						
f Revenue				Date Due LFO:		
	Date Prepared:	02/05/2024		Phone: 471-5896		
FY 2024	<u>-2025</u>	FY 2025	-2026	FY 2026-2027		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
	See below		See below		See below	
See below		See below		See below		
See below	See below	See below	See below	See below	See below	
	Expenditures  See below	FY 2024-2025  Expenditures Revenue  See below  See below	Date Prepared: 02/05/2024   FY 2024-2025   FY 2025   Expenditures   See below   See belo	Date Prepared: 02/05/2024     FY 2024-2025     FY 2025-2026     Expenditures   Revenue   See below   See below	Date Due LFO:   Date Prepared: 02/05/2024   Phone: 471-5896     FY 2024-2025   FY 2025-2026   FY 2026-   Expenditures   Revenue   Expenditures   Revenue   Expenditures     See below   See below   See below   See below     See below   See below   See below   See below   See below     See below   See below   See below   See below   See below     See below   See below   See below   See below   See below     See below   See	

LB 1251 adds small sports facility to the definition of eligible sports arena facility. It defines a small sports facility as a facility located in a city of second class or village that includes indoor areas, outdoor areas, or both; is primarily used for competitive sports; and contains at least two separate sports venues.

A city of the second class is defined as a municipality having a population of over 800 and not more than 5,000 inhabitants. A village is defined as having a population of at least 100 and not more than 800 inhabitants.

The bill allows for a small sports facility to collect 100% of the state sales tax revenue that is collected by a nearby retailer and sourced to the program area. It defines the program area for a small sports facility to be the corporate limits of the city of the second class or village in which it is located.

The bill provides that amounts appropriated to a small sports facility cannot exceed 25% of the state sales tax revenue collected by retailers doing business at eligible sports arena facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and new state sales tax revenue collected by nearby retailers and sourced to the program area. The remaining 75% of state sales tax revenue after the appropriation will be credited to the Revenue Distribution Fund.

State assistance used to provide funding for a small sports facility will be no longer available after five years of funding or when state assistance reaches \$100 million, whichever comes first.

The revenue impact on the General Fund and Cash Funds is unknown and contingent upon future qualifying small sports facility projects. Depending on the number and location of these projects, there is potential for a significant reduction in state sales tax revenue. For example, if the five largest second class cities of Ogallala, Wahoo, Aurora, Waverly and Falls City started projects at the same time, the estimated General Fund impact would be a reduction of \$22 million per year.

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 Expenditures	25-26 Expenditures	26-27 Expenditures
Benefits							
Operating Costs							
Capital Outlay							
Capital Improvements Total	S						

<b>LB</b> <sup>(1)</sup> 1251					FISCAL NOTE
State Agency OR Po	olitical Subdivision Name:	State Treasure	r		
Prepared by: (3)	Jason Walters	Date Prepared:	(4) Jan. 22, 2024	Phone: (5)	402-471-2793
	ESTIMATE PRO	OVIDED BY STATE A	GENCY OR POLITIC	AL SUBDIVIS	SION
	<u>EXPENDITU</u> F	<u>FY 2024-25</u> RES REVENUI	E EXPENDIT	<u>FY 2025</u> FURES	<u>-26</u> <u>REVENUE</u>
GENERAL FUNI	·	<u>REFERVE</u>	<u> </u>	<u>CILLS</u>	REVENUE
		<del></del>			
CASH FUNDS		<del></del>	<del></del>		
FEDERAL FUND	OS	<u> </u>	<u> </u>		
OTHER FUNDS					
TOTAL FUNDS		<u> </u>	<u> </u>		
Explanation of Es	timate.				
The State Treas	surer's Office doesn't	expect any fiscal imp	act from LB 1251 to	the office.	
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Personal Services		OWN BI WAJOR OBJ	ECTS OF EATENDIT	OKE	
DOSITI	ON TITLE	NUMBER OF POSITI			2025-26
FOSITI	ON TITLE	<u>24-25</u> <u>25-9</u>	<u>EXPENDI</u>	I UKES	<u>EXPENDITURES</u>
Benefits					
			<del></del>		
	ents				
				<del></del>	