Keisha Patent January 29, 2019 402-471-0059

# LB 57

## Revision: 01 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include agency response

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2019-20 FY 2020-21						
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS		See below		See below			
CASH FUNDS		See below		See below			
FEDERAL FUNDS							
OTHER FUNDS		See below		See below			
TOTAL FUNDS		See below		See below			

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

LB 57 prohibits cities and villages from adopting or enforcing ordinances or regulations prohibiting short-term rentals of certain residential property, including single-family homes or condominium units. The bill allows cities and villages to adopt and enforce ordinances to (1) protect the public's health and safety, (2) impose sales or occupation taxes if permitted by law, (3) regulate land use regarding zoning, nuisances, and maintenance, and (4) prohibit short-term rentals if the law limits or prohibits their use for certain purposes. LB 57 specifies that these provisions do not affect regulations of private entities, including homeowners associations organized under the Condominium Property Act or Nebraska Condominium Act.

The bill defines "online hosting platform" as a marketplace connected by a computer through which a seller or hotel operator may rent any room or accommodations in a hotel, motel, inn, etc.; the accommodations may be advertised or listed; and the occupant may arrange for the occupancy. LB 57 permits the Tax Commissioner to enter into any agreement with an online hosting platform for the online hosting platform to collect and remit applicable state and local sales tax and lodging tax on behalf of any seller or hotel operator otherwise required to collect such taxes for transactions conducted through the platform. Upon entering the agreement, the Tax Commissioner must waive the tax collection responsibility of the seller or hotel operator for transactions conducted through the platform. The online hosting platform must report aggregate information on their tax return of all transactions subject to the agreement and must give written notice of the agreement to each seller or hotel operator covered by the agreement.

LB 57 clarifies specific enforcement provisions for the Department of Revenue to collect sales and lodging tax for short-term rentals made through an online hosting platform. While it is difficult to estimate the level of compliance for sellers or operators using an online hosting platform under current tax law, as a result of the provisions of LB 57, there could be some additional revenue to the General Fund, and to cities and counties from local option sales tax and lodging tax. It is likely the total impact is less than \$500,000.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 57	AM:	AGENCY/POLT. SUB: Depart	tment of Revenue		
REVIEWED	BY: Neil Sullivan	DATE: 1/28/2019	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the Department of Revenue estimate of minimal fiscal impact from LB 57.					

#### ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 57	AM:	AGENCY/POLT. SUB: City of	AGENCY/POLT. SUB: City of Omaha				
REVIEWED	BY: Neil Sullivan	DATE: 1/16/2018	PHONE: (402) 471-4179				
COMMENTS: No basis to disagree with the City of Omaha estimate of no current fiscal impact from LB 57. There is potential for future fiscal impact if ordinance imposing or enforcing short-term rental taxation were adopted.							

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 57	AM:	AGENCY/POLT. SUB: City of L	incoln		
REVIEWED	BY: Neil Sullivan	DATE: 1/23/2019	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the City of Lincoln estimate of indeterminate fiscal impact from LB 57 related to taxation of short-term rentals.					

### Fiscal Note 2019

State Agency Estimate						
State Agency Name: Department of	Revenue				Date Due LFA:	1/24/19
Approved by: Tony Fulton		Date Prepared:	1/23/19		Phone: 471-5896	
	FY 2019	-2020	FY 2020	-2021	FY 202	1-2022
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal

LB 57 would prohibit cities, villages, or counties from adopting or enforcing an ordinance that prohibits shortterm rentals of single-family dwellings or condominium units or otherwise restricts their use. LB 57 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.

LB 57 would redefine 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 collect and remit sales taxes, local sales taxes, and lodging taxes on behalf of the hotel operator for the transaction executed through the online hosting platform and waive the collection responsibility of the seller for taxes for transactions for which the online hosting platform has accepted responsibility.

If an agreement is reached, the online hosting platform must give written notice to each hotel operator covered by the agreement. Upon execution of such an agreement, the online hosting platform must report aggregate information on a tax return provided by the Tax Commissioner.

The operative date is September 6, 2019.

LB 57 will result in a minimal positive impact on the General Fund revenues.

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

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>	21-22 <u>Expenditures</u>
Benefits							
Operating Costs							
Travel	Travel						
Capital Outlay							
	Capital Improvements						
Total							

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 57					FISCAL NOTE
State Agency OR P	olitical Subdivision Name: <sup>(2)</sup>	CITY OF OMAHA			
Prepared by: (3)	TYLER LEIMER	Date Prepared: <sup>(4)</sup>	1/18/2019	Phone: (5)	402-444-4514
	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL	SUBDIVIS	ION
	FY	2019-20		FY 2020	-91
	EXPENDITURES	<u>REVENUE</u>	EXPENDITUR		REVENUE
GENERAL FUND	DS				
CASH FUNDS					
FEDERAL FUND	s				
OTHER FUNDS					
TOTAL FUNDS					

Explanation of Estimate: No Fiscal Impact

	OR OBULCIDO	T EAI ENDITURE	BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE					
NUMBER OF	POSITIONS	2019-20	2020-21					
<u>19-20</u>	<u>20-21</u>	<b>EXPENDITURES</b>	EXPENDITURES					
		·						
			<u>19-20</u> <u>20-21</u> EXPENDITURES					

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 57				FISCAL NOTE
State Agency OR P	Political Subdivision Name: <sup>(2)</sup>	City of Lincoln		
Prepared by: <sup>(3)</sup>	James Van Bruggen	Date Prepared: <sup>(4)</sup>	1/18/19 P	hone: <sup>(5)</sup> 441-8301
	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL SU	JBDIVISION
	<u>FY s</u> EXPENDITURES	2019-20 <u>REVENUE</u>	<u>]</u> EXPENDITURE	<u>FY 2020-21</u> <u>S REVENUE</u>
GENERAL FUN	DS			
CASH FUNDS				
FEDERAL FUNI	DS			
OTHER FUNDS				
TOTAL FUNDS				

**Explanation of Estimate:** 

The bill would allow the city to collect sales, occupational, or other similar taxes for short-term rentals. This would increase the city's revenues, however, without knowing occupancy rates and other pertinent data, an estimate of revenue would be incomplete.

BREAK	DOWN BY MAJ	OR OBJECTS C	<b>FEXPENDITURE</b>	
Personal Services:				
POSITION TITLE	NUMBER OF <u>19-20</u>	F POSITIONS <u>20-21</u>	2019-20 <u>EXPENDITURES</u>	2020-21 <u>EXPENDITURES</u>
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 57			<b>FISCAL NOTE</b>
State Agency OR Political Subdivision Name: <sup>(2)</sup>	Nebraska Tourism	Commission	_
Prepared by: <sup>(3)</sup> John Ricks	Date Prepared: <sup>(4)</sup>	1/28/19 Ph	one: <sup>(5)</sup> 402-471-3796
ESTIMATE PROV	/IDED BY STATE AGEN	NCY OR POLITICAL SU	BDIVISION
FV	<b>2019-20</b>	F	Y 2020-21
EXPENDITURE		EXPENDITURES	
GENERAL FUNDS	Indeterminabl		Indeterminabl
CASH FUNDS			e e
FEDERAL FUNDS			
OTHER FUNDS			
TOTAL FUNDS			

Explanation of Estimate: There would be an expected increase in revenue to the Commission's cash funds from this bill, but an estimate is indeterminable at this time.

BREAK	DOWN BY MA.	JOR OBJECTS O	DF EXPENDITURE	
Personal Services:				
	NUMBER O	<b>F POSITIONS</b>	2019-20	2020-21
POSITION TITLE	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
		<u> </u>		
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				