

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

| | FY 2002-03 | | FY 2003-04 | |
|---------------|--------------|---------|--------------|----------|
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | 145,300 | | 182,265 | 15,000 |
| CASH FUNDS | (5,794) | | (11,588) | (15,000) |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | 139,506 | | 170,677 | 0 |

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

This bill creates the Tax Court and transfers most of the duties of the Tax Equalization and Review Commission to this court on January 1, 2003. The \$25 filing fee is currently deposited into the Tax Equalization and Review Commission Cash Fund and this bill removes this provision.

EXPENDITURES: This bill will affect expenditures as follows:

| | | Jan. 1, 2003 (half-year) | Full-year |
|------|--|-----------------------------|-----------------|
| FTE | ITEMS | FY2003 | FY2004 |
| 3.0 | Judge | 169,970 | 339,939 |
| 3.0 | Court Reporter | 54,000 | 108,000 |
| 1.0 | Clerk of the Court | 18,000 | 36,000 |
| 1.0 | Administrative Assistant | 20,222 | 40,444 |
| 1.0 | Law Clerk | 18,250 | 36,500 |
| 1.0 | Manager | 13,664 | 27,327 |
| | Commissioner | 16,667 | 16,667 |
| 1.0 | Benefits | 68,370 | 133,073 |
| | Operating Costs | 70,500 | 141,000 |
| | Travel | 15,000 | 30,000 |
| | Capital Outlay | 44,000 | 0 |
| 11.0 | ADDITIONAL COSTS | 508,642 | 908,950 |
| | Reduce current General Fund appropriation for TERC | (363,342) | (726,684) |
| | NET GENERAL FUND IMPACT | 145,300 | 182,265 |
| | CASH FUND | (5,794) | (11,588) |

The Legislative Fiscal Office (LFO) used estimates provided by both the Nebraska Supreme Court Administrator's Office (NSC) and the Tax Equalization and Review Commission (TERC), with the following adjustments:

1. FY2003 was estimated at one-half of the amount for FY2004 (full-year), except for the one TERC commissioner. The TERC commissioner was not reduced by one-half for FY2003 because of the timing of his/her duties. See TERC response for more details;
2. TERC has a part-time commissioner for \$20,000, salary and benefits. The LFO backed out the benefits to show the salary separate. The benefits are included with the benefits for all the other positions;
3. The salary for the judges provided by the NSC was used;

4. The NSC said that District Court judges have bailiffs but that the NSC does not anticipate assigning bailiffs to Tax Court judges. The NSC did not indicate court reporters on their response; however, in subsequent conversations with the NSC, they indicated that a court reporter per judge would be assigned. Additionally, the NSC would also have a clerk of the court, in addition to the other positions listed on their response (Administrative Assistant, Law Clerk, and Manager). The NSC assumes that these employees will be in Lincoln and would send the cases to the respective judges in the offices outside of Lincoln (congressional districts). Besides the bailiffs, the NSC and TERC response indicated similar positions;
5. Benefits were estimated at 22% of salaries;
6. Operating costs provided by the NSC and TERC were averaged. Once travel was backed out from TERC's estimate (estimated at \$30,000), then the operating costs for a full-year (FY2004) estimated by NSC was \$132,100 and TERC was \$149,392. The LFO used \$141,000;
7. The travel estimate of \$30,000 was used;
8. Capital Outlay provided by the NSC and TERC were averaged. The NSC estimate is for desks, computers, and similar one-time equipment purchases. The TERC included these items, plus an amount for one-time office remodeling which the TERC assumes would occur to make the offices of the Tax Court similar in furnishings to offices of other court judges;
9. The current General Fund appropriation for TERC was subtracted from the additional estimated expenditures for the Tax Court. It was estimated that the appropriation for FY2004 would be the same as the FY2003 amount;
10. It was assumed that TERC would spend one-half of the Cash Fund appropriation in FY2003. For FY2004, the entire Cash Fund appropriation is reduced;

REVENUES: This bill may increase General Fund revenues and decrease Cash Fund revenues. Currently, the \$25 filing fee for the Tax Equalization and Review Commission is deposited into the TERC's Cash Fund. This bill removes the language allowing the funds from the filing fee to go into this Cash Fund, so it is assumed that these filing fees will then be deposited into the General Fund. There is no impact in FY2003 because it is the understanding of the LFO that most/all of these filing fees are paid in August 2002, and this is in FY2003. The General Fund will have a revenue increase from the filing fees in FY2004, and this is estimated at \$15,000. Conversely, the TERC's Cash Fund will have a revenue reduction by the same amount, \$15,000.

Technical Note: It is the understanding of the Legislative Fiscal Office that \$1 of filing fees from other courts are deposited into the retirement fund for judges. This bill does not state whether this provision would apply to the filing fees of the Tax Court.

IMPACT ON POLITICAL SUBDIVISIONS: This bill does not appear to impact local revenues or expenditures.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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|---|------------|---------|----------------|
| REVIEWED BY | Joe Wilcox | 2/04/02 | PHONE 471-2526 |
| COMMENTS | | | |
| <u>Supreme Court</u> - Amended agency analysis appears the more consistent with current operations. | | | |
| <u>Attorney General</u> - Concur with agency analysis. | | | |
| Based on the detailed analysis provided by <u>Tax Equalization and Review Commission</u> , I concur with agency evaluation and estimates. | | | |