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 DATE PREPARED: February 06, 2006  
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**LB 1051**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2006-07</b>		<b>FY 2007-08</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			62,165,000+	
CASH FUNDS			(165,000)	(165,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			62,000,000+	(165,000)

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

LB 1051 exempts all personal property from property tax. For the purposes of this estimate, personal property has been defined as: agricultural machinery, commercial and industrial personal property, and railroad and public service personal property. Also, this legislation would remove the credit to the Department of Property Assessment and Taxation's (DPAT) Cash Fund of the 3% collection fee received from the carlines and air carrier tax. This bill has an operative date of January 1, 2007.

The DPAT states that if this bill were to become law, \$165,000 would be requested from the General Fund to make up for lost revenues (3% collection fee), as the personnel expenses that were previously covered would still be necessary.

Because of a loss of an estimated \$7,384,471,834 in taxable valuations, the Fiscal Office estimates the amount of State Aid for equalized systems will increase by up to \$62,000,000.

The exemption will potentially cause an increase in property tax levies as well, thereby causing a currently undeterminable increase in the Homestead Exemption program.

IMPACT ON POLITICAL SUBDIVISIONS: A loss of \$7,384,471,834 in taxable valuations translates to a loss of \$141,147,679 in property tax collections for political subdivisions. It is possible that some of this loss would be recovered by increasing the tax levies on real estate to the extent that local political subdivisions are under the levy limit.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/7/06	PHONE	471-2526
COMMENTS					
DEPARTMENT OF PROPERTY ASSESSMENT AND TAXATION: No basis upon which to disagree.					