PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 11, 2013 402-471-0051

LB 97

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	13-14	FY 2014-15				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							

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

LB 97 creates the Municipal Land Bank Act.

The bill defines a land bank as a land bank established in accordance with the Act. A general definition of land bank in the context of LB 91 would be a public authority created to hold, manage, and develop tax-foreclosed, vacant, or other real property in order to facilitate placing that property back into productive use.

For purposes of LB 97, a municipality is defined as any city or village located within a county in which a city of the metropolitan class is located or within a county in which at least three cities of the first class are located. At this time, the only counties meeting these requirements are Douglas County and Sarpy County.

A municipality may create a land bank by ordinance and LB 97 specifies the contents of that ordinance.

The bill also provides that: two or more municipalities may enter into an interlocal agreement to create a single land bank; that a land bank is deemed to be a public corporation and a political subdivision of the state; that each land bank is to have a seven-member board of directors appointed by the mayor of the municipality; provides representation requirements for each board member; provides powers and duties for the board; allows the land bank to employ agents and employees; provides powers for the land bank, including the ability to issue bonds and enter into contracts; states that the land bank does not possess the power of eminent domain; provides that the income and real property of the land bank are exempt from taxation; the land bank may receive grants and loans from the municipality; may extinguish a tax lien; and creates an automatically accepted bid mechanism regarding the sale of real property for nonpayment of taxes.

LB 97 also provides that fifty percent of the real property taxes collected on such property conveyed by a land bank pursuant to the laws of Nebraska are to be remitted to the land bank for five years after conveyance. A land bank can elect not to receive such property taxes.

The bill also allows the land bank to be the highest bidder in sales of real property as part of foreclosure proceedings when there is no bid made that equals the total amount of taxes, interest, and costs.

The Department of Revenue indicates no fiscal impact to the state as a result of LB 97 and no cost to implement.

We agree with the Department's estimate of fiscal impact and cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials indicates that LB 97 could potentially result in the collection of past due taxes and, therefore, increase revenue to the counties. The amount of such collection is undetermined.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 97 AM: AGENCY/POLT. SUB: Dept. of Revenue						
REVIEWED BY: Gary Bush DATE: February 12, 2013 PHONE: 471-4161						
COMMENTS: Agree with the estimate of impact by the Dept. of Revenue.						

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 97 AM: AGENCY/POLT. SUB: Assoc. of County Officials (NACO)							
REVIEWED BY: Gary Bush DATE: January 16, 2013 PHONE: 471-4161							
COMMENTS: No basis to disagree with estimate of impact.							

State Agency Estimate							
State Agency Name: Department	of Revenue			D	ate Due LFA:		
Approved by: Douglas Ewald	Date Prepared:			Phone: 471-5896			
	FY 2013	FY 2013-2014		4-201 <u>5</u>	FY 2015-2016		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ 0		\$ 0		\$ 0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		\$ 0	

LB 97 allows a municipality to create a land bank by the adoption of an ordinance. Land banks would be considered tools that can be utilized by municipalities to facilitate the return of vacant, abandoned and tax delinquent properties to productive use. They would be considered political subdivisions and exempt from all taxation. They would be able to borrow money, issue bonds, procure insurance and enter into contracts.

This legislation requires that fifty percent of the real property taxes collected on real property conveyed by a land bank pursuant to the laws of this state will be remitted to the land bank for five years after the conveyance.

The bill allows a land bank to be deemed the high bidder in sales of real property as part of foreclosure proceedings when there is no bid given that equals the total amount of taxes, interest, and costs due thereon.

The bill grants the authority for discharging and extinguishing property taxes to the land banks.

It is estimated that this bill will have no impact on the General Fund.

It is estimated that there will be no costs to the Department to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures
Benefits							
Operating Costs							
Travel							
Capital Outlay							
Aid							
Capital Improvemen	nts						

TOTAL.....

LB ⁽¹⁾ 97 FISCAL NOTE								
State Agency OR Political Subdivision Name: (2)	Nebraska Association of County Officials							
Prepared by: (3) Elaine Menzel	Date Prepared: (4)	1/14/2013	Phone: (5)	402.434.5660, ext. 225				
ESTIMATE PROVID	ED BY STATE AGENC	Y OR POLITICAL	SUBDIVISIO)N				
FY 2	2013-14		FY 2014-	-15				
EXPENDITURES	REVENUE	EXPENDIT		REVENUE				
GENERAL FUNDS								
CASH FUNDS								
FEDERAL FUNDS		-						
OTHER FUNDS								
		-						
TOTAL FUNDS								
Return by date specified or 72 hours prior to public Explanation of Estimate:	hearing, whichever is ear	<u>lier.</u>						
LB 97 would adopt the Municipal Land Ba sheriff to perform certain duties; however, similar situations. The passage of the leg therefore, increase the fiscal impact to co	such duties would be pislation would potent	e performed on the cally result in the cally	ne same piec collection of p	es of property in past due taxes and				
	R OBJECTS OF EXPEN	DITURE						
Personal Services:	MBER OF POSITIONS	5 2013-1	<u>.</u>	2014-15				
	<u>13-14</u> <u>14-15</u>	EXPENDIT		EXPENDITURES				
		<u> </u>						
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								