

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$70,200		\$63,100	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$70,200		\$63,100	

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

LB 237 amends Nebraska Revised Statutes Section 77-202, regarding property that is exempt from property taxes, to redefine “charitable organization.”

As proposed by LB 237, a charitable organization would now also include a retirement community, as defined in Section 76-1302, that is owned and used for low-income housing.

Section 76-1302 defines a retirement community as any complex or proposed complex of more than ten units, whether contained in one or more buildings or whether constructed on separate lots, offered for sale or lease as part of a common promotional plan when such community is advertised or represented as a retirement community or as a community primarily for retirees or elderly persons, or when there is a minimum age limit tending to attract persons who are nearing retirement age.

Low-income resident means a person with a household income that would qualify for the homestead exemption in any amount under Section 77-3507 if the person were to apply for the exemption. For a single person who is eligible for 25% relief under 77-3507, the income limit is \$33,400. For a married claimant the income limit for 25% relief is \$39,300.

The bill has no direct fiscal impact to the state; however, as written it has broad application to retirement communities statewide and may result in a reduction of local resources for school districts thereby increasing state aid under TEEOSA.

The Department of Revenue estimates they will require 1.0 additional FTE to conduct an annual review of granted permissive property tax exemption applications as they relate to income limitations of residents residing in retirement communities throughout the state.

We have no basis to disagree with the Department’s estimate of cost.

IMPACT TO POLITICAL SUBDIVISIONS:

As noted above, the bill could reduce property tax resources for local political subdivisions.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 237	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/27/2013	PHONE: 402.471.4181
COMMENTS: The bill does not explicitly establish a new duty or responsibility for the Dept. of Revenue to verify the income status of residents of the retirement communities, owned and used for housing low-income residents, that have applied to be exempt from property taxation. However, the Department has determined that since county boards of equalization and county assessors cannot independently verify the income status of residents the department will need to verify eligibility of exemption applicants. Given this interpretation, it is reasonable to assume that the department will incur some operational cost to implement the bill, specifically to assist counties in the verification of the income status of residents of “low-income” retirement communities applying for the exemption, for purposes of ensuring counties and other political subdivisions receive property tax revenue as required under the law.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES

LB: 237 AM: AGENCY/POLT. SUB: Nebraska Assoc. of County Officials (NACO)

REVIEWED BY: Lyn Heaton DATE: 2/25/2013 PHONE: [402.471.4181](tel:402.471.4181)

COMMENTS: No basis upon which to disagree with NACO's analysis. It should be noted that, to the extent that the bill results in a reduction in the valuation of the affected properties, it could increase the amount of General Funds needed for state aid to schools under the Tax Equity and Educational Opportunities Support Act (TEEOSA).

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2013

LB⁽¹⁾ 237 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Association of County Officials

Prepared by: (3) Elaine Menzel Date Prepared: (4) 1/16/2013 Phone: (5) 402.434.5660, ext. 225

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.
Explanation of Estimate:

LB 237 would change provisions relating to property tax exemptions by exempting retirement communities used for housing low-income residents. A retirement community is defined in 76-1302(2) as any complex or proposed complex of more than ten units, whether contained in one or more buildings or whether constructed on separate lots, offered for sale or lease as part of a common promotional plan when such community is advertised or represented as a retirement community or as a community primarily for retirees or elderly persons, or when there is a minimum age limit tending to attract persons who are nearing retirement age. An exemption of this type of complex from the property taxes would reduce the amount of taxes collected for such property; however, the fiscal impact to counties is unknown at this time. It would decrease the tax base in the taxing district and all taxing entities (schools, cities, NRDs, ESUs, etc.) would also be impacted by a loss to their tax base. Again, the amount of the loss is unknown at this time.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____