

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$274,089	\$788,000	\$301,810	\$788,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$274,089	\$788,000	\$301,810	\$788,000

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

LB 322 amends several sections of Nebraska Revised Statutes regarding the Tax Equalization and Review Commission (TERC).

Section 77-5004 is amended to change qualifications for TERC commissioners to require at least one of the commissioners be a certified general real property appraiser and that at least one commissioner shall have been employed as a broker for at least ten years and is currently licensed as a broker.

Section 77-5013 is amended to increase the appeal filing fee to \$50 for the following appeals:

- Decisions of a county board of equalization granting or denying tax-exempt status for real or personal property or an exemption from motor vehicle taxes and fees;
- Decisions of the Tax Commissioner determining adjusted valuation pursuant to Section 79-1016;
- Decisions of a county board of equalization on claims that a levy is or is not for an unlawful or unnecessary purpose or in excess of the requirements of the county;
- Decisions of a county board of equalization granting or rejecting a homestead exemption;
- Decisions of the Dept. of Motor Vehicles determining the taxable value of motor vehicles pursuant to Section 60-3,188;
- Decisions of the Tax Commissioner pursuant to Section 77-3520.

The filing fee is increased to \$50 or one-thirtieth of one percent of the assessed value of the subject property, whichever is greater, for the following appeals:

- Decisions of a county board of equalization equalizing the value of individual tracts, lots, or parcels of real property so that all real property is assessed uniformly and proportionately;
- Decisions of the Tax Commissioner determining the taxable property of a railroad company, car company, public service entity or air carrier within the state;
- Decisions of a county board of equalization on the valuation of personal property or any penalties imposed under Section 77-1233.04 and 77-1233.06;
- Any other decisions of any county board of equalization;
- Any other decisions of the Tax Commissioner regarding property valuation, exemption, or taxation;
- Determinations of the Rent-Restricted Housing Projects Valuation Committee regarding the capitalization rate to be used to value rent-restricted housing projects pursuant to Section 77-1333 or the requirement under such section that an income-approach calculation be used by county assessors to value rent-restricted housing projects;
- Any other decisions, determination, action, or order from which an appeal to the commission is authorized.

No filing fee is to be charged for the following appeals:

- Decisions of the Tax Commissioner made under Section 77-1330;
- Final decisions of a county board of equalization appealed by the Tax Commissioner or Property Tax Administrator pursuant to Section 77-701;
- The requirements under Section 77-1314 that the income approach, including the use of a discounted cash-flow analysis, be used by county assessors.

Section 77-5015 is amended to provide for no less than 60 days' notice of a hearing, that the hearing notice include an acknowledgement form which is to be returned to the commission, failure to return the form within 30 days constitutes withdrawal of the case, and requires TERC to hear all appeals and petitions within 18 months after filing unless otherwise prescribed by law.

Section 77-5015.02 is amended to require that single commissioner proceedings shall occur in the district court judicial district in which the subject property is located.

Section 77-5018 is amended to require that a copy of the TERC decision and order be delivered or mailed within 30 days after the hearing, unless otherwise prescribed by law.

Section 77-5023 is amended regarding requirements for TERC on equalization to use standards of uniformity and gives TERC the authority, when a variation falls outside the acceptable ranges or standards of uniformity to order a moratorium on increases or decreases to values and to order a reappraisal of the subject class or subclass of real property.

Section 77-5028 s amended to provide that a county, upon an order increasing or decreasing a class or subclass of real property, shall be granted a rehearing if additional evidence regarding the matter is discovered.

The Tax Equalization and Review Commission estimates that LB 322 will require 2.0 FTE Staff Attorneys and 1.0 FTE Administrative Assistant. PSL for those positions is estimated at \$\$180,000 for FY2017-18 and \$184,320 for FY2018-19.

The TERC estimates additional revenue, as a result of the change in appeal fees, as \$788,000 for each year of the biennium.

We have no basis to disagree with the Commission's estimate of fiscal impact and cost.

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ LB322

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Tax Equalization & Review Commission

Prepared by: ⁽³⁾ Nancy Salmon Date Prepared: ⁽⁴⁾ 1-18-2017 Phone: ⁽⁵⁾ 402 471-7723

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	270,000	788,000	301,000	788,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	274,089	788,000	301,810	788,000

Explanation of Estimate:

The estimated revenue generated by Section 2 of the bill changing the appeal filing fee structure in Neb. Rev. Stat. §77-5013 is based upon an annual average of the actual filings in the past two tax years.

Additional expenditures would be needed in order to comply with the proposed new requirements in the bill, including new administrative duties regarding notice, acknowledgement forms, good cause hearings, and hearing date deadlines in Section 3 of the bill; new proposed requirements for a Commissioner to travel to each of the district court judicial districts in Section 4, and a new proposed requirement that orders be issued by the Commission within 30 days after the hearing in Section 6. The Commission estimates that in order to comply with these requirements the Commission would need to hire one additional administrative assistant and two staff attorneys.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
2 Staff Attorneys	2	2	140,000	143,360
1 Administrative Assistant	1	1	40,000	40,960
Benefits.....			83,089	110,490
Operating.....			6,000	2,000
Travel.....			5,000	5,000
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			274,089	301,810