

PREPARED BY: Doug Gibbs
 DATE PREPARED: March 07, 2017
 PHONE: 402-471-0051

LB 576

Revision: 00

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				
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 576 provides that a real property owner's real property tax bill for 2017 and 2018 shall not exceed the owner's real property tax bill for 2016.

The Department of Revenue indicates no cost to implement the provisions of LB 576.

We agree with the Department of Revenue's estimate of cost.

We disagree with the Department of Revenue regarding the impact on TEEOSA. School aid under TEEOSA is based on valuation, not taxes levied or paid and, therefore, would have no impact on TEEOSA aid.

IMPACT TO POLITICAL SUBDIVISIONS:

The City of Omaha estimates a reduction in revenue of \$4,404,844 in FY2017-18 and \$4,532,584 in FY2018-19.

The Nebraska Association of Counties (NACO) indicates a negative fiscal impact in the vast majority of counties.

We have no basis to disagree with the City of Omaha or NACO.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 576	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: James Van Bruggen		DATE: 3/8/17	PHONE: (402) 471-4179
COMMENTS: Concur with the Department of Revenue's statements. Additionally, the bill is not clear if improvements or other changes which alter the type or value of a piece property would result in a change to the owner's property tax bill.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 576	AM:	AGENCY/POLT. SUB: City of Omaha	
REVIEWED BY: James Van Bruggen		DATE: 1/26/17	PHONE: (402) 471-4179
COMMENTS: The bill would limit property taxpayers from receiving higher property taxes in 2017 and 2018 than in 2016. The bill does not address if new construction or other major changes would occur on a piece of property, which would change the overall valuation of the property significantly.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 576	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials
REVIEWED BY: James Van Bruggen	DATE: 1/24/17	PHONE: (402) 471-4179
COMMENTS: A freeze to the property tax bill would likely keep local government revenue flat and property tax bills would stay at the 2016 level. The bill is not clear on the impact of new construction or land improvements to a property tax bill.		

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

2017

LB⁽¹⁾ 576

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/20/2017 Phone: ⁽⁵⁾ 402.434.5660

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	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 576 would freeze the property tax bill owed to all political subdivisions for 2017 and 2018 at 2016 rates.

While the fiscal note is unknown, it is likely that the fiscal impact would be negative in the vast majority of counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2017

LB⁽¹⁾ 576

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Omaha

Prepared by: ⁽³⁾ Tyler Leimer Date Prepared: ⁽⁴⁾ 1/25/2017 Phone: ⁽⁵⁾ (402) 444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018</u>		<u>FY 2019</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____ (\$2,418,059)	_____	_____ (\$2,488,183)
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____ (\$1,986,785)	_____	_____ (\$2,044,401)
TOTAL FUNDS	=====	===== (\$4,404,844)	=====	===== (\$4,532,584)

Explanation of Estimate:

LB 576 would have a significant impact on the City of Omaha in 2018 and 2019. The above figures are based on an inflation rate of 2.9%.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====