PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 20, 2024 402-471-0051

LB 1346

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2024-25 FY 2025-26							
	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 1346 would allow for a property tax exemption under charitable organizations for an owner of a qualified affordable housing development that would consist of at least five residential units and would include one or more eligible units.

The operative date for this bill is three months after adjournment.

The Department of Revenue estimates no impact on General Fund expenditures with minimal costs to the DOR to implement the bill. There is no basis to disagree with this estimate.

Political subdivisions could see a decrease in tax revenue as a result of the possible exemptions under this bill.

A change in the taxable base for schools due to the exemption of property could have an impact on state aid under TEEOSA, but any such amount is indeterminate.

LB 1346 Fiscal Note 2024

State Agency Estimate								
State Agency Name: Department o	f Revenue				Date Due LFO:			
Approved by: James R. Kamm		Date Prepared:	02/20/2024		Phone: 471-5896			
	FY 2024	<u>1-2025</u>	FY 202	5-2026	FY 2026	-2027		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$0		\$ 0		\$ 0			
Cash Funds								
Federal Funds					_			
Other Funds					_			
Total Funds	\$0		\$ 0		\$ 0			

LB 1346 creates a property tax exemption for qualified affordable housing developments. LB 1346 defines a qualified affordable housing development that consists of at least five residential units and includes one or more eligible units. LB 1346 defines an eligible unit as a residential unit that is (1) rent restricted; (2) affordable to tenants earning no more than 80% of the area median income; and (3) constructed on or after the effective date of this act. LB 1346 defines area median income as the median household income, adjusted for family size, for applicable income limit areas as determined by the United States Department of Housing and Urban Development. LB 1346 requires owners of a qualified affordable housing development to apply for a property tax exemption each year.

LB 1346 sets the exemption amount for any qualified affordable housing development as a percentage of the property taxes that would otherwise be due. LB 1346 sets this percentage as follows:

- For qualified affordable housing developments containing eligible units that target tenants earning no more than 80% of the area median income, the percentage of the residential units in the development that are eligible units will be multiplied by 25%.
- For qualified affordable housing developments containing eligible units that target tenants earning no more than 60% of the area median income, the percentage of the residential units in the development that are eligible units will be multiplied by 75% percent; or
- For qualified affordable housing developments containing eligible units that target tenants earning no more than 50% of the area median income, the percentage of the residential units in the development that are eligible units will be multiplied by 100%.

LB 1346 creates a requirement for county assessors to determine the property tax for qualified affordable housing developments in accordance with the percentages laid out above.

LB 1346 requires the Tax Commissioner to prescribe a form for the new property tax exemption that includes the following:

Major Objects of Expenditure								
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures	
Capital Outlay								
	IS.	_						

- The total number of residential units in the development.
- The number of residential units in the development that are eligible units as defined in LB 1346.
- The targeted income level for tenants of the eligible units, expressed as a percentage of area median income; and
- The date when the eligible units were constructed or made subject to rent restrictions.

It is estimated that LB 1346 will have no impact on the General Fund expenditures.

It is estimated that there will be minimum costs to the Department of Revenue to implement this bill.

The operative date for this bill is three months after adjournment.

LB ⁽¹⁾ 1346	į				FISCAL NOTE			
State Agency OR F	Political Subdivision Name: (2)	Douglas County Assessor/Register of Deeds						
Prepared by: (3) Michael Goodwillie		Date Prepared: (4)	Date Prepared: (4) 1/25/2024		(402) 444-6703			
	ESTIMATE PROVI	IDED BY STATE AGEN	NCY OR POLITICA	L SUBDIVIS	ION			
	FY	<u> 2024-25</u>		FY 2025	-26			
	EXPENDITURES		EXPENDIT		REVENUE			
GENERAL FUN	DS							
CASH FUNDS								
FEDERAL FUNI	DS		<u> </u>					
OTHER FUNDS								
TOTAL FUNDS	0	0	0		0			
development wou incomes at certain the area median is application processor organizations. A couple of issue developments as	The bill characterizes the owald have to have five or more in percentages of the area made income would be fully exempted as for "permissive exemptions out initially that micharitable organizations but	e units and the percenta dedian income. Eligible pt. There would be an a ons", property owned by ght affect administration t it does not alter the re	ge of the units that units that target ten nnual application. ' charitable, education n of the bill. It defin quirement that the	are targeting nants earning The bill uses onal, religious nes the owner property for v	tenants who have no more than 50% of the framework of the s, and cemetery of such which the exemption			
for-profit entities Section 77-202. The scope of the e	be used for gain or profit to s, there is a conflict between xemption is not entirely clear	n two parts of the five-parts. The bill talks about unit	art test for exemptions s that "target" eligible	on set forth in	n Neb. Rev. Stat.			
	come the same as actually rent "targeted" a certain class of te							
existing staff and, County with 5 uni the exemption, if a at this point if all of	we are able to value all of thes at this point, see no additiona ts or more, and 5,069 total until of those units were targeted of those parcels would fit that id merit partial exemption.	l cost administratively. T its, having a value of \$197 I to tenants earning no mo	here appear to be 121 7,265,400. That woul ore than 50% of the a	parcels of read d be the outer rea median inc	al property in Douglas limits of the value of come. We do not know			
	DDE A V D OV	NI DV MAJOD ODJECT	C OF EVDENDER	IDE				
Personal Services		VN BY MAJOR OBJECT	S OF EXPENDITU	<u>JKE</u>				
POSIT	ION TITLE N	UMBER OF POSITION 24-25 25-26	S 2024-25 <u>EXPENDIT</u>		2025-26 EXPENDITURES			

Benefits	
Operating	
Travel	
Capital outlay	
Aid	
Capital improvements	
TOTAL	

LB ⁽¹⁾ 13	346					FISCAL NOTE
State Agency	OR Political Subdivision	Name: (2) Lanca	ster County (Budget & Fisca	al)	
Prepared by	: (3) Dennis Meyer	Date	e Prepared: ⁽⁴⁾ _	1-25-24	Phone: (5)	402-441-6869
	ESTIMAT	E PROVIDED BY	STATE AGENO	CY OR POLITICA	AL SUBDIVIS	ION
	EXPEND	<u>FY 2024-25</u> <u>ITURES</u>	REVENUE	EXPENDIT	<u>FY 2025</u> <u>URES</u>	<u>-26</u> <u>REVENUE</u>
GENERAL I	FUNDS					
CASH FUNI	os					
FEDERAL I	FUNDS	_				
OTHER FU	NDS					
TOTAL FU	NDS					
Evalenation	of Estimate:					
Explanation	of Estimate:					
Personal Ser		CAKDOWN BY M.	AJOR OBJECTS	OF EXPENDIT	<u>URE</u>	
r ersonar sei	vices:	NUMBER (OF POSITIONS	2024-2	5	2025-26
PC	OSITION TITLE	<u>24-25</u>	<u>25-26</u>	<u>EXPENDIT</u>	<u>CURES</u>	EXPENDITURES
Benefits						
Operating						
	ay					
	rovements					
TOTAL.						

TOTAL.....

LB (1)	1346						FISCAL NOTE		
State Ag	gency OR P	Political Subdivision Name: (2)	Lancaster County Assessor/Register Of Deeds						
Prepare	ed by: ⁽³⁾	Dan Nolte	Date	Prepared: (4)	01/22/2024	Phone: (5)	402-441-7463		
		ESTIMATE PROV	IDED BY	STATE AGEN	NCY OR POLITIC	CAL SUBDIVIS	SION		
		FY	2024-25			-26			
		EXPENDITURES	<u> </u>	<u>REVENUE</u>	<u>EXPENDI</u>	TURES	REVENUE		
GENE	RAL FUN	DS	. <u>—</u>						
CASH I	FUNDS								
FEDER	AL FUNI	os							
ОТНЕ	R FUNDS								
TOTAL	L FUNDS				-				
			- <u>-</u>						
Expiana	ation of E	stimate:							
	10.		VN BY MA	JOR OBJECT	'S OF EXPENDI'	<u> FURE</u>			
Persona	al Services		UMBER C	F POSITION	S 2024	- <u></u>	2025-26		
	POSIT	ION TITLE	<u>24-25</u>	<u>25-26</u>	EXPEND		EXPENDITURES		
Benefit	s								
Operati	ing								
Capital	outlay								
Aid									
Capital	improven	nents							

LB ⁽¹⁾ 13	346				F	ISCAL NOTE				
State Agency (OR Political Subdivision Name	Nebraska A	Nebraska Association of County Officials (NACO)							
Prepared by:	(3) Elaine Menzel	Date Prep	ared: ⁽⁴⁾ 1/24/	/2024 P	hone: ⁽⁵⁾	402.434.5660				
	ESTIMATE PR	OVIDED BY STAT	TE AGENCY OF	R POLITICAL SU	<u>JBDIVISIO</u>)N				
	<u>EXPENDITUI</u>	FY 2024-25 RES REVI	ENUE]	<u>FY 9</u> <u>EXPENDITURES</u>		<u>6</u> <u>REVENUE</u>				
GENERAL F	FUNDS									
CASH FUND	os —				_					
FEDERAL F	TUNDS				_					
OTHER FUN	NDS				_					
TOTAL FUN	·				_					
Explanation	of Estimate:				_					
An increase result in an decrease in	e in property tax exemption increased levy rate, which taxes collected; an inabil the ability of the counties	n means a shift to ity to fulfill State a	those property nd Federal unf	y owners not ex unded mandate	empt fror es impose	n property taxes; a d upon counties; a				
		BREA	AKDOWN BY M	IAJOR OBJECTS	OF EXP	ENDITURE				
Personal Ser	vices:	NUMBER OF PO	SITIONS	2024-25		2025-26				
РО	SITION TITLE	<u>24-25</u>		EXPENDITURE	<u>s</u> <u>I</u>	EXPENDITURES				
Benefits										
_					_					
Capital outla	y				 					
Aid										
Capital impro	ovements									
TOTAL.										