John Wiemer August 07, 2024 402-471-0051

LB 69

Revision: 01 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised per Response from Dept. of Revenue

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2024	4-25	FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES REVENUE				
GENERAL FUNDS	\$136,458			\$337,000,000			
CASH FUNDS			(\$340,000,000)	(\$337,000,000)			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$136,458		(\$340,000,000)	\$0			

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

This fiscal note has been updated to reflect the Department of Revenue's (DOR) costs to implement this bill as well to incorporate their estimated revenue impacts.

Under LB 69, the 70% of the casino gaming tax would be credited to a fund named the Property Tax Assistance Cash Fund under the bill. The Property Tax Assistance Cash Fund would be the new name of the Property Tax Credit Cash Fund per the bill.

The bill would change the 40% of the 5% tax of the net operating revenue for each cash device to go to the Property Tax Assistance Cash Fund, as well.

The Property Tax Credit Act would be renamed as the Property Tax Assistance Act and the purpose for the Act would be to provide property tax relief for property taxes levied against homesteads. The minimum amount of relief under the Act would be eliminated starting tax year 2025.

Under the bill, for tax year 2025, all homesteads in the state would be assessed for taxation the same as other property, except that there would be exempt from taxation of a homestead a dollar amount equal to a percentage of the assessed value of the homestead. Such percentage would be applied statewide and would be determined annually by the Property Tax Administrator based on appropriations to the Property Tax Assistance Cash Fund. For tax year, 2025, an owner of a homestead would file an application for the homestead exemption. For tax year 2026 and subsequent tax years, if an owner has been granted the homestead exemption provided in this bill, no reapplication need be filed for succeeding years, in which case the county assessor would determine whether the claimant qualifies for the homestead exemption in such succeeding years as though a claim were made. Sections 77-3501 to 77-3529 and Laws 2024, LB 126, section 3, would apply to the homestead exemption provided in this bill. Reimbursement to counties for the homestead exemption would be made from the Property Tax Assistance Cash Fund.

The State Treasurer would transfer from the General Fund to the Property Tax Assistance Cash Fund \$90 million by August 1, 2025.

The Legislature would have the power to transfer funds from the Property Tax Assistance Cash Fund to the General Fund.

The DOR estimates the following decrease to the Property Tax Assistance Cash Fund (which would be an increase to General Fund revenues):

- FY26: (\$340,000,000)
- FY27: (\$445,000,000)
- FY28: (\$460,000,000)
- FY29: (\$475,000,000)

Additionally, the DOR estimates a one-time programming cost of \$136,458 to be paid to the Office of the Chief Information Officer (OCIO) as result of this bill.

We agree with these estimates by the DOR, except that the increase to the General Fund would be \$3 million less each fiscal year and the decrease to the Property Tax Assistance Cash Fund would be \$3 million less each fiscal year, as well, due to the transfer from the General Fund to this Cash Fund being \$3 million less than the minimum amount of relief under the Property Tax Credit Act before it accrues interest and is expended out of the Cash Fund at the minimum relief amount under the Act.

Please complete \underline{ALL} (5) blanks in the first three lines.

LB ⁽¹⁾ 69				FISCAL NOTE
State Agency OR P	olitical Subdivision Name: ⁽²⁾	NE Racing & Gam	ing Commission	
Prepared by: ⁽³⁾	Rita Pracht	Date Prepared: ⁽⁴⁾	7/29/24 Pho	ne: ⁽⁵⁾ 531-310-4536
	ESTIMATE PROV	IDED BY STATE AGEN	ICY OR POLITICAL SUB	DIVISION
	FY	2024-25	FY	2025-26
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	REVENUE
GENERAL FUNI	DS			
CASH FUNDS				
FEDERAL FUND	S			
OTHER FUNDS				
TOTAL FUNDS				
Explanation of Es	timate:			
No fiscal impact				

BREAKD	OWN BY MA.	IOR OBJECTS O	F EXPENDITURE	
Personal Services:				
	NUMBER OF POSITIONS		2024-25	2025-26
POSITION TITLE	<u>24-25</u> <u>25-26</u>		EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
	•			. <u></u>
Capital improvements				
TOTAL				

LB 0069

Fiscal Note 2024

		State Agency	Estimate			
State Agency Name: Department o	f Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	08/06/2024		Phone: 471-5896	
	FY 2024	-2025	FY 2025-2026		FY 2026-2027	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$136,458	\$ 0		\$ 340,000,000		\$ 445,000,000
Cash Funds			\$(340,000,000)	\$(340,000,000)	\$(445,000,000)	\$(445,000,000)
Federal Funds						
Other Funds						
Total Funds	\$136,458	\$ 0	\$(340,000,000)	\$ 0	\$(445,000,000)	\$ 0

LB 69 renames the Property Tax Credit Act (Neb. Rev. Stat. 77-4209 to 77-4212) to the Property Tax Assistance Act and renames the Property Tax Credit Cash Fund to the Property Tax Assistance Cash Fund throughout statutes.

LB 69 removes all provisions related to a minimum amount of relief granted under the Property Tax Credit Act beginning in tax year 2025. It also sunsets all disbursement provisions by adding that they apply prior to tax year 2025.

The new homestead exemption credit requires the Property Tax Administrator to annually determine the amount of the exemption based on the appropriations to the Property Tax Assistance Cash Fund. The exemption will be an amount equal to a percentage of the assessed value of the homestead. Taxpayers will be required to apply for the new homestead exemption beginning in tax year 2025. The taxpayer will not have to reapply once they are granted the exemption and the county will determine if the applicant qualifies in future years as though an application was filed. LB69 adds that current homestead statutes, 77-3501 to 77-3529, apply to the homestead exemption provided in the Property Tax Assistance Act.

LB 69 requires the State Treasurer to transfer from the General Fund to the Property Tax Assistance Cash Fund ninety million dollars by August 1, 2025.

LB 69 is estimated to have the following impact on the Property Tax Assistance Fund (which is an increase in the General Fund revenues) :

FY25-26	\$ (340,000,000)
FY26-27	\$ (445,000,000)
FY27-28	\$ (460,000,000)
FY28-29	\$ (475,000,000)

LB 69 will require a one-time programming cost of \$136,458 paid to the OCIO for programming changes.

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 <u>Expenditures</u>	25-26 <u>Expenditures</u>	26-27 <u>Expenditures</u>
Benefits					•		
Operating Costs					\$136,458		
Total					\$136.458		