

Updated for additional agency response.

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 80 is the Property Tax Growth Limitation Act.

Section 3 allows a political subdivision’s property tax request authority to be increased by the product of:

- I. The amount of property taxes levied in the prior year increased by the subdivision’s growth percentage, less the sum of exceptions utilized in the prior year pursuant to 1). The amount of property taxes budgeted for approved bonds, 2). The amount of property taxes needed to respond to an emergency declared in the preceding year as certified by the auditor, and 3). The amount of property taxes budgeted for public safety expenses.

AND

- II. The greater of five percent or the percentage change in the consumer price index over the most recently completed calendar year.

Section 4 provides for a political subdivision to increase its property tax request authority over the amount determined under section 3 by:

- The amount of property taxes budgeted for approved bonds;
- The amount of property taxes budgeted for capital improvements;
- The amount of property taxes budgeted in support of a service which is the subject of an agreement or modification to an existing agreement ;
- The amount of property taxes needed to respond to an emergency declared in the previous year;
- The amount of unused property tax request authority determined in accordance with section 6 of LB 80;
- The amount of property taxes budgeted for public safety expenses;
- The increase in property tax request authority approved by the legal voters as provided in section 5 of LB 80; and,
- The amount of property taxes needed to replace any revenue stream collected in the prior year that was eliminated or reduced through legislative action.

Section 5 allows a political subdivision to increase its property tax request authority over the section 3 amount if such increase is approved by a majority of legal voters voting on the issue at the next regularly scheduled election.

Section 6 allows a political subdivision to NOT increase its total property taxes levied by the full amount of the property tax request authority allowed in a particular year.

Section 23 provides a termination date of July 1, 2025 for the Property Tax Request Act.

Lancaster County estimates the impact of LB 80 to be zero. This is due to the fact that, in the last 4 years, the county would have been in compliance with the proposed changes.

Douglas County reports that the provisions of LB 80 would have a negative fiscal impact. By limiting the annual property tax growth rate, Douglas County states that it will be impeded in its ability to provide state-mandated services and also maintain a competitive labor force. Any increased costs beyond LB 80's growth allowance will likely result in the sacrifice of non-mandated services. No dollar figure is available for this potential impact.

The Nebraska Department of Revenue (NDOR) estimates no fiscal impact to the state. The taxing provisions of LB 80 are applied to political subdivisions.

Other state agencies estimate minimal costs for items such as updating informational materials.

No fiscal impact to the state.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|---|-----|-----------------------------------|-----------------------|
| LB: 80 | AM: | AGENCY/POLT. SUB: State Treasurer | |
| REVIEWED BY: Neil Sullivan | | DATE: 7/30/2024 | PHONE: (402) 471-4179 |
| COMMENTS: The State Treasurer assessment of no fiscal impact from LB 80 appears reasonable. | | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|---|-----|--|-----------------------|
| LB: 80 | AM: | AGENCY/POLT. SUB: Auditor of Public Accounts | |
| REVIEWED BY: Neil Sullivan | | DATE: 7/30/2024 | PHONE: (402) 471-4179 |
| COMMENTS: The Auditor of Public Accounts assessment of minimal fiscal impact from LB 80 appears reasonable. | | | |

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

2024

LB⁽¹⁾ 80

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Auditor of Public Accounts

Prepared by: ⁽³⁾ Craig Kubicek Date Prepared: ⁽⁴⁾ 7/29/24 Phone: ⁽⁵⁾ 402-326-3063

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | \$0 | | \$0 | |
| CASH FUNDS | \$0 | | \$0 | |
| FEDERAL FUNDS | \$0 | | \$0 | |
| OTHER FUNDS | \$0 | | \$0 | |
| TOTAL FUNDS | \$0 | | \$0 | |

Explanation of Estimate:

This would require staff time to update the budget forms and monitoring; however, we would plan to cover under current staffing levels.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

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

2024

1st Special Session

LB80⁽¹⁾ *Adopt the Property Tax Growth Limitation Act, change revenue and taxation provisions, and terminate the Property Tax Request Act*

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County

Prepared by: ⁽³⁾ Marcos San Martin, County Admin. Date 8/2/2024 Phone: ⁽⁵⁾ 402-444-5116
 Lori Pirsch, County Finance Prepared: ⁽⁴⁾ 402-444-6881

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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:

LB80 would have a **NEGATIVE (detrimental) fiscal impact** on Douglas County.

LB80 includes text that limits local governments' annual property tax authority to the greater of five percent, or the consumer price index percentage (CPI) change. Unfortunately, such restriction will impede Douglas County's ability to provide state-mandated services and also to maintain a competitive labor force to serve our community.

Under the terms of LB80, any increased costs beyond the bill's budget growth allowance provisions, will likely come at the sacrifice of non-mandated, yet essential and relied-upon services to Douglas County residents.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

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

2024

LB⁽¹⁾ 80

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County (Budget & Fiscal)

Prepared by: ⁽³⁾ Kevin Nelson Date Prepared: ⁽⁴⁾ 7/29/2024 Phone: ⁽⁵⁾ 402-441-7448

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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:

The Property Tax Growth Limitation Act allows for the greater of 5% or the percentage change in CPI, plus allowable growth minus allowable exceptions. For the previous four years, Lancaster County would have complied with the proposed restrictions. The proposed act would not generate any additional revenue or increased spending needs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

- (7) The increase in property tax request authority approved by the legal voters as provided in section 5 of this act; and
- (8) The amount of property taxes needed to replace any revenue stream collected in the prior year that was eliminated or reduced through legislative action.

The Act allows a political subdivision to increase its property tax request authority if the increase is approved by a majority of legal voters.

The Act allows a political subdivision to carry forward to future budget years the amount of unused property tax request authority from the prior year but is capped at an aggregate of 5% of the total property tax request authority from the prior year.

The Act makes the auditor responsible for preparing forms to be used by the political subdivisions as well as adopting and promulgating rules and regulations to carry out the Act.

LB80 requires the amount paid to each school district from the state funding source be reduced by an amount equal to the ad valorem adjustment applicable to such school district. The ad valorem adjustment shall be remitted to the authority to which such property taxes are payable pursuant to Neb. Rev. Stat. § 18-2147. Ad valorem adjustment is defined as an amount equal to the portion of the property taxes that would be produced by the school district levy rate in 2024 imposed upon the excess valuation, less the amount of actual property taxes generated by the school district levy rate in the current year on the excess valuation. Excess valuation is defined as the amount of the real property in a redevelopment project in excess of the redevelopment project valuation (TIF) for the property.

LB80 adds if applicable to the requirement of governing bodies filing and certifying to the levying board(s) a copy of the budget statement.

LB80 removes the governing body of any county, city, or village from the definition of governing body and governmental unit in Neb. Rev. Stat. § 13-518.

LB80 changes the denominator of the attributable cost to “total revenue from all sources” from “total of the restricted funds plus inheritance taxes, fees, and charges and other revenue”.

LB80 removes the requirement that the occupation tax be imposed in accordance with Neb. Rev. Stat. § 18-1208 and the exception of occupation taxes subject to Neb. Rev. Stat. § 86-704 from statutes regarding political subdivisions levying taxes. LB80 also removes the ability of a municipality to impose a new occupation tax or increase the rate of an existing occupation tax.

LB80 sunsets Neb. Rev. Stat. § 29-3933(6) which details the restricted funds calculation when seeking reimbursement from funds appropriated by the legislature by adding the subsection applies to fiscal years beginning prior to July 1, 2025.

Removes “restricted funds” and replaces it with “total revenue from all sources” in Neb. Rev. Stat. § 72-2305 and Neb. Rev. Stat. § 72-2306 regarding the principal amount of bonds which may be issued by a qualified public agency under the Public Facilities Construction and Finance Act.

LB80 requires the county assessor to notify the owner of record of every item of real property which is not exempt from taxation of the assessed value of such property. Currently, the notice requirement applies only when real property has been assessed at a value different than in the previous year. LB80 adds several requirements regarding the notice the county assessor must send under Neb. Rev. Stat. § 77-1315 as well as adds a notice requirement for each political subdivision regarding when the political subdivision's budget hearing will convene.

LB80 terminates the Property Tax Request Act (Neb. Rev. Stat. § 77-1630 to Neb. Rev. Stat. § 77-1634) on July 1, 2025.

LB80 creates requirements for the statements of the amount of taxes due sent to entities/individuals against which taxes or special assessments are assessed.

LB80 sunsets Neb. Rev. Stat. § 77-1776 classifying excess tax collections as restricted funds by inserting that it applies to fiscal years beginning prior to July 1, 2025. Also, Neb. Rev. Stat. § 13-518 to Neb. Rev. Stat. § 13-522 will only apply to revenues from municipal sales and use tax for fiscal years beginning prior to July 1, 2025.

LB80 excludes any amounts held by a municipality to make sales and use tax refunds under the Employment and Investment Growth Act, the Nebraska Advantage Act, the ImagiNE Nebraska Act, and the Urban Redevelopment Act from the limitations of the Property Tax Growth Limitation Act.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department to implement this bill.

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

2024

LB⁽¹⁾ 80

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Secretary of State

Prepared by: ⁽³⁾ Joan Arnold Date Prepared: ⁽⁴⁾ 7/29/2024 Phone: ⁽⁵⁾ 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

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

2024

LB⁽¹⁾ 80

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ July 30, 2024 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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:

The State Treasurer's Office doesn't expect any fiscal impact from LB 80 to the office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |