

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$16,496,000		\$16,826,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$16,496,000		\$16,826,000	

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

LB 200 provides that for tax years after tax year 2024, each person who owns property required to be reported to the county assessor under section 77-1201 would be allowed an exemption amount as provided in the Personal Property Tax Relief Act. For tax years after tax year 2024, each person who owns property required to be valued by the state as provided in section 77-601, 77-682, 77-801, or 77-1248 would be allowed a compensating exemption factor as provided in the Personal Property Tax Relief Act.

The Department of Revenue (DOR) estimates the following General Fund expenditures as result of the bill:

- FY26: \$16,496,000
- FY27: \$16,826,000
- FY28: \$17,156,000
- FY29: \$17,486,000

The DOR estimates minimal costs to it as a result of the bill.

There is no basis to disagree with these estimates by the DOR.

Political subdivisions would be reimbursed for revenue losses as a result of this bill.

Lancaster County Assessor/Register of Deeds estimates computer programming costs as result of the bill while the Lancaster County Assessor/Register of Deeds estimates overtime pay as a result of the bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 200	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang		DATE: 1/21/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 200 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 200	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY: Ryan Yang		DATE: 1/16/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of minimal fiscal impact from LB 200.			

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

2025

LB⁽¹⁾ 200

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County Assessor/Register of Deeds Office

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/21/2025 Phone: ⁽⁵⁾ 402-444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$12,316</u>	<u></u>	<u>0</u>	<u></u>
CASH FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>

Explanation of Estimate: LB 200 revives an idea that was in play a few years ago and the last year was 2020. The bill would exempt the first \$10,000 in personal property value for the same owner in the same tax district. Multiplied by a 2% property tax rate, the exemption was worth \$200. The bill would take effect for tax year 2025 and provides that the tax loss to political subdivisions will be reimbursed to the State of Nebraska.

As a rough estimate of what this would look like in Douglas County, there are a total of 11,223 personal property accounts with value (there are personal property accounts that are tax-exempt and others that report 0 value because they are small businesses and their property is fully depreciated.) Those accounts had a total of \$2,055,644,242 in taxable value in 2024. 5,141 accounts have a value of less than \$10,000. Those accounts would be exempt under the bill and their entire value, \$16,834,618 would be exempt from tax. The remaining 6,082 all have at least \$10,000 in value and a total of \$2,038,809,624 in taxable value. The exemption on these accounts would be for \$60,820,000 (6,082 x \$10,000). If you add the smaller account values to this, you get a tentative value for the exemption of \$77,654,618. Again, using a 2% tax rate (the 2024 tax rate in the OPS district was 2.03%), the total tax loss to the political subdivisions in Douglas County would be approximately \$1,553,092. Douglas County itself represents about 13% of that total, or approximately \$201,902. This does not include state-assessed personal property—that value and the amount of the exemption is calculated by the Nebraska Department of Revenue. The bill provides that the exemption will apply to state-assessed property so the tax loss and reimbursement will be more than the locally assessed figures above. In any given year, state-assessed personal property is between 20 and 25% of the value of locally assessed personal property. If the exemption is in proportion, that might provide a little insight into the additional tax loss.

There is some administrative burden and cost to the bill. Because the exemption is limited to one owner in the same tax district, for businesses that have multiple locations, there is some programming and extra staff time involved in setting up and administering “parent” and “child” accounts for the purposes of the exemption. For example, a business might have multiple locations in the same tax district. That business is entitled, under the bill, to one \$10,000 exemption for property in that district, rather than a \$10,000 exemption at each location. So the exemption is set up for a “parent” account. However, in many such situations, the business has a separate personal property account and files a personal property return for each location. So, additional work is involved in setting up and administering the accounts to apply the exemption properly. Because the bill would be unlikely to be passed and take effect until well after the May 1 date for filing personal property tax returns, there would be significant work done between the date of the passage of the bill and the time billing preparation begins in the late fall of 2025. When the exemption was last in play, our office did have to pay out overtime to staff to accommodate the exemption. We would anticipate something similar here—overtime in 2025 to get things set up, rather than adding staff, and less cost in subsequent years. Currently, there are 397 businesses with multiple personal property accounts in the same tax district. To get them set up properly for the credit takes about an hour for each one. About half of that work is likely to be on the overtime rate for tax specialists—this is more complicated than entry level work—at \$63.00 an hour. The calculation works out to approximately \$12,316.

In short, our office anticipates some administrative costs, especially in the first year of administering the bill. As long as the State reimburses political subdivisions for the tax loss resulting from the exemption, there should be little fiscal impact to political subdivisions in the county.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Staff overtime			\$12,316	0
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

LB⁽¹⁾ 200

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte

Date Prepared: ⁽⁴⁾ 01/17/25

Phone: ⁽⁵⁾ 402-441-7463

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$20,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$20,000			

Explanation of Estimate:
Legislation would result in some reprogramming of computer system

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

2025

FISCAL NOTE

Prepared by: (3) Dennis Meyer Date Prepared: (4) 1/17/2025 Phone: (5) 402-441-6869

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	_____	_____	_____

Lancaster County will experience reductions due to the reinstatement of personal property tax exemptions. Reimbursement for revenue lost due to exemptions will be provided by the state through certifications submitted by Lancaster County to the Tax Commissioner. Reimbursements are distributed biannually in February and June, but delays or funding limitations in the state budget could create challenges for Lancaster County.

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/16 /2025

Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB200 would provide for exemptions under the Personal Property Tax Relief Act. For tax years after 2024, the county assessor would be required to prepare an abstract of the property assessment rolls of locally assessed personal property. Other restored duties would be performed by the Property Tax Administrator.

The fiscal impact would be minimal.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 01/20/2025			
				Phone: 471-5896			
	FY 2025-2026			FY 2026-2027			FY 2027-2028
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>
General Funds	\$ 16,496,000			\$ 16,826,000			\$ 17,156,000
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$ 16,496,000			\$ 16,826,000			\$ 17,156,000

LB200 reinstates exemptions provided for under the Personal Property Tax Relief Act that were sunset by LB1107 in 2020.

The following property tax exemptions will be reinstated after tax year 2024:

- 1) Each person will receive an exemption of the first \$10,000 of all tangible personal property.
- 2) Property valued by the state including railroad property (77-601), car line companies (77-682), public service entities (77-801), or air carriers (77-1248) are allowed a compensating exemption factor calculated by multiplying the value of the tangible personal property by a fraction, the numerator being the total amount of locally assessed tangible personal property that is actually subjected to property tax after the \$10,000 exemption allowed to each person, and the denominator of which is the net book value of locally assessed tangible personal property prior to the \$10,000 exemption allowed to each person.

The Property Tax Administrator will be responsible for determining the exemption provided to property valued by the state.

LB200 requires any tax revenue lost by the taxing subdivisions due to this exemption to be reimbursed by the State.

The estimated expenditures from the General Fund would be as follows:

Fiscal Year	General Fund Expenditure
FY 2015-16	\$ 16,496,000
FY 2016-17	\$ 16,826,000
FY 2017-18	\$ 17,156,000
FY 2018-19	\$ 17,486,000

It is estimated that this bill will have minimal costs to the Department of Revenue.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							