

# 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				\$14,679,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				\$14,679,000

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

LB 354 prohibits cities of the first class from receiving state aid from the Municipal Equalization Fund.

The Department of Revenue (DOR) estimates the following increase to General Fund revenues as a result of this bill:

- FY26: \$0
- FY27: \$14,679,000
- FY28: \$15,119,000
- FY29: \$15,512,000

The DOR estimates no cost to it to implement the bill.

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

The Tax Equalization and Review Commission estimates no fiscal impact to it as a result of the bill. There is no basis to disagree with this estimate.

Cities of the first class are estimated to have revenue decreases as a result of this bill.

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

LB: 354	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang		DATE: 2/24/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 354 appears reasonable.			

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

LB: 354	AM:	AGENCY/POLT. SUB: Tax Equalization & Review Commission	
REVIEWED BY: Ryan Yang		DATE: 1/21/2025	PHONE: (402) 471-4178
COMMENTS: The Tax Equalization & Review Commission assessment of no fiscal impact from LB 354 appears reasonable.			

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

LB: 354	AM:	AGENCY/POLT. SUB: City of Beatrice	
REVIEWED BY: Ryan Yang		DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of Beatrice assessment of fiscal impact from LB 354 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of Columbus
REVIEWED BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of Columbus assessment of fiscal impact from LB 354 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of Crete
REVIEWED BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of Crete assessment of fiscal impact from LB 354 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of Grand Island
REVIEWED BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of Grand Island assessment of fiscal impact from LB 354 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of Norfolk
REVIEWED BY: Ryan Yang	DATE: 1/23/2025	PHONE: (402) 471-4178
COMMENTS: The City of Norfolk assessment of fiscal impact from LB 354 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of North Platte
REVIEWED BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of North Platte assessment of fiscal impact from LB 354 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of Sidney
REVIEWED BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of Sidney assessment of fiscal impact from LB 354 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of South Sioux City
REVIEWED BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of South Sioux City assessment of fiscal impact from LB 354 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 354	AM:	AGENCY/POLT. SUB: City of Wayne
REVIEWED BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS: The City of Wayne assessment of fiscal impact from LB 354 appears reasonable.		

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

LB: 354                      AM:                      AGENCY/POLT. SUB: City of York

REVIEWED BY: Ryan Yang                      DATE: 1/28/2025                      PHONE: (402) 471-4178

COMMENTS: The City of York assessment of fiscal impact from LB 354 appears reasonable.

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Beatrice

Prepared by: <sup>(3)</sup> Tobias Tempelmeyer

Date Prepared: <sup>(4)</sup> 1/27/25

Phone: <sup>(5)</sup> 402-228-5200

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(819,647)		(844,236)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(819,647)		(844,236)

Explanation of Estimate:

The City of Beatrice will receive \$795,773.93 in budget year 2024/2025. The estimates of revenue loss for 2025/2026 and 2026/2027 estimate a 3% inflation rate each year. The property tax levy increase required to make up the difference would be 8.28 cents for 2025/2026 and 8.53 cents for 2026/2027.

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) Tara Vasicek Date Prepared: (4) 1/26/2025 Phone: (5) 402-562-4233

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	(57,739.61)	_____	(59,471.80)
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	(57,739.61)	=====	(59,471.80)

The City of Columbus will receive \$56,057.87 in budget year 2024/25.  
The estimates for expected loss include a 3% inflation per year.  
The City would have to increase property taxes by 1% or .002912 cents for 2025/26 and 1% or .002942 cents for 2026/27.

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.....				

# 2025

## FISCAL NOTE

Prepared by: (3) Randy Gates Date Prepared: (4) 1/22/2025 Phone: (5) (402)844-2011

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	(\$68,373)	_____	(\$68,373)
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	(\$68,373)	_____	(\$68,373)

LB 354 eliminates Municipal Equalization Fund (MEF) payments to first class cities. The Nebraska Department of Revenue estimates Norfolk's MEF fund payments for FY 24-25 at \$68,372.63 and this was used to estimate Norfolk's revenue loss for each of the next two fiscal years.

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 Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 02/21/2025			
				Phone: 471-5896			
		<b>FY 2025-2026</b>		<b>FY 2026-2027</b>		<b>FY 2027-2028</b>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$ 0		\$ 14,679,000		\$ 15,119,000	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 14,679,000		\$ 15,119,000	

Currently, any incorporated municipality may receive state aid from the Municipal Equalization Fund as long as it is otherwise qualified under the state aid calculation formula.

LB 354 would entirely prohibit cities of the first class from receiving state aid from the Municipal Equalization Fund.

The operative date for LB 354 is three months after adjournment of the Legislature.

It is estimated that LB 354 will have the following impact on General Fund revenues:

FY	General Fund
FY 25-26	-
FY 26-27	\$14,679,000
FY 27-28	\$15,119,000
FY 28-29	\$15,512,000

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

## 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.....							
<b>Total.....</b>							

# 2025

## FISCAL NOTE

CITY OF SOUTH SIOUX CITY

(5) 402-494-7500

	<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>\$(1,041,206)</u>		<u>\$(1,062,030)</u>
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

In FY 23-24, the City of South Sioux City received \$797,455.54 in Municipal Equalization monies. In FY 24-25, the City of South Sioux City is estimated to receive \$1,020,790.35 in Municipal Equalization funds. FY 25-26 and FY 26-27 estimate is increased 2% each year. This funding is used in the city's general fund and is used primarily for normal local government functions and public safety.

If we assume that this revenue would need to be replaced by property tax, this would require a current levy increase of .0923 cents. This is based on the 2024-2025 certified value for property.

This increase could be avoided by cutting public services to decrease expenditures.

### 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>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				



State Agency OR Political Subdivision Name: <sup>(2)</sup> Tax Equalization & Review Commission

Prepared by: <sup>(3)</sup> Rob Hotz

Date Prepared: <sup>(4)</sup> 1/17/25

Phone: <sup>(5)</sup> 402-471-2842

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:

No fiscal impact

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 OR Political Subdivision Name: <sup>(2)</sup> City of Crete

Prepared by: <sup>(3)</sup> Tom Ourada

Date Prepared: <sup>(4)</sup> 1/25/2025

Phone: <sup>(5)</sup> 402.826.4313

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(831,220)		(856,157)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(831,220)		(856,157)

Explanation of Estimate:

The City of Crete will receive \$807,010 in budget year 2024/25. The estimates of revenue loss for 2025/26 and 2026/27 estimate a 3% inflation rate each year. The property tax levy increase required to make up the difference would be 18.43 cents for 25/26 and 18.98 cents for 26/27.

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 OR Political Subdivision Name: <sup>(2)</sup> City of Grand Island

Prepared by: <sup>(3)</sup> Patrick Brown

Date Prepared: <sup>(4)</sup> 01/27/2025

Phone: <sup>(5)</sup> 308-389-0104

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$1,693,760)		(\$1,744,573)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

The City of Grand Island will receive \$1,644,427 in budget year 2024/25. The estimates of revenue loss for 2025/26 and 2026/27 estimate a 3% inflation rate each year. The **property tax levy increase** required to make up the difference would be 3.82 cents for 25/26 and 3.94 cents for 26/27.

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 OR Political Subdivision Name: <sup>(2)</sup> City of North Platte

Prepared by: <sup>(3)</sup> Layne Groseth

Date Prepared: <sup>(4)</sup> 1/27/2025

Phone: <sup>(5)</sup> 308-535-6724 x-3214

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(195,000)		(193,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(195,000)		(193,000)

Explanation of Estimate:

The City of North Platte will receive \$214,597 in budget year 2024/25. The estimates of revenue loss for 2025/26 and 2026/27 assume a small reduction due to property tax levy changes. The property tax levy increase required to make up the difference would be 0.97 cents for 25/26 and 0.95 cents for 26/27 or an approximate property tax increase of 2.55%.

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: <sup>(3)</sup> David Scott Date Prepared: <sup>(4)</sup> 1/27/2025 Phone: <sup>(5)</sup> 308-254-7002

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		(385,978)		(397,557)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

The City of Sidney will receive \$374,736 in budget year 2025/2025. The estimates of revenue loss for 2025/2026 and 2026/2027 assume a 3% inflation rate each fiscal year. The property tax levy increase required to make up the difference would be 2.45 in 2025/2026 and 2.48 in 2026/2027. This would have seriously negative effect on the City of Sidney.

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 OR Political Subdivision Name: <sup>(2)</sup> City of Wayne

Prepared by: <sup>(3)</sup> Beth Porter

Date Prepared: <sup>(4)</sup> 1/27/2025

Phone: <sup>(5)</sup> 402-375-1733

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(771,061)		(809,614)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(771,061)		(809,614)

Explanation of Estimate:

The City of Wayne will receive \$734,343 in budget year 2024/25 from municipal equalization. The estimates of revenue loss for 2025/26 and 2026/27 use a 6% valuation increase and a 4% increase on the City's tax ask. The property tax levy increase required to make up the difference would be 20.05 cents for 25/26 (putting the City over the levy limit) and 19.87 cents for 26/27 (again, over the levy limit).

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 OR Political Subdivision Name: <sup>(2)</sup> City of York

Prepared by: <sup>(3)</sup> Dr. Sue Crawford

Date Prepared: <sup>(4)</sup> 1/24/2025

Phone: <sup>(5)</sup> 402-363-2600

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(171,000)		(176,130)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(171,000)		(176,130)

Explanation of Estimate:

The City of York will receive \$166,020 in budget year 2024/25. The estimates of revenue loss for 2025/26 and 2026/27 estimate a 3% inflation rate each year. The property tax levy increase required to make up the difference would be 2.45 cents for 25/26 and 2.51 cents for 26/27.

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.....				