PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 04, 2025 402-471-0051

LB 501

Revision: 00

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					
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 501 changes the term of "destroyed" real property to "damaged" real property for when assessed values can be adjusted. Additionally, the bill adds "other events causing significant property damage" to fires, earthquakes, floods and tornadoes that already provide property tax relief to owners of real property affected by the listed events.

Damaged real property means real property that suffers significant property damage on or after January 1 and before July 1 of the current assessment year. Damaged real property does not include property suffering significant property damage that is caused by the owner of the property. Significant property damage means damage to an improvement exceeding 20% of the improvement's assessed value in the current tax year or damage to land exceeding 20% of the land's assessed value in the current year.

Under the bill, if the real property suffers significant property damage prior to July 1 of the current assessment year, the property owner shall file a report of the damaged real property with the county clerk of the county in which the property is located on or before July15 of the current assessment year. The report of damaged real property shall be made on a form prescribed by the Tax Commissioner.

The bill adds that the county assessor shall inspect and review all properties for which a report has been filed and shall submit a comprehensive report of all such properties to the county board of equalization on or before July 20 of the current assessment year. The county assessor's report shall be made on a form prescribed by the Tax Commissioner and shall include all reports filed by property owners. The county board of equalization shall consider the report received from the county assessor.

This bill contains the emergency clause and becomes law upon enactment.

The Department of Revenue estimates no fiscal impact to the General Fund from the bill and minimal costs to the Department to implement this bill. There is no basis to disagree with these estimates.

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

The Douglas and Lancaster County Assessor/Register of Deeds Offices estimate no fiscal impact from this bill.

ADMIN	NISTRATIVE SERVIC	ES STATE BUDGET DIVISION: REVI	EW OF AGENCY & POLT. SUB. RESPONSE		
LB: 501	AM:	AGENCY/POLT. SUB: Tax Eq	ualization and Review Commission		
REVIEWED I	REVIEWED BY: Ryan Yang DATE: 1/24/2025 PHONE: (402) 471-4178		PHONE: (402) 471-4178		
COMMENTS: Concur with the Tax Equalization and Review Commission assessment of no fiscal impact from LB 501.					

ADMINISTRATIVE SER	VICES STATE BUDGET DI	VISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
LB: 501	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials
REVIEWED BY: Ryan Yang	DATE: 2/3/202	5 PHONE: (402) 471-4178
COMMENTS: No basis to disa from LB 501.	gree with the Nebraska Asso	ociation of County Officials assessment of no fiscal impact

ADMIN	NISTRATIVE SERVIC	ES STATE BUDGET DIVISION: REV	IEW OF AGENCY & POLT. SUB. RESPONSE
LB: 501	AM:	AGENCY/POLT. SUB: Lanca	ster County Assessor/Register of Deeds
REVIEWED	BY: Ryan Yang	DATE: 1/28/2025	PHONE: (402) 471-4178
COMMENTS from LB 501.	5	with the Lancaster County Assessor	r/Register of Deeds assessment of no fiscal impact

ADMIN	NISTRATIVE SERVIC	ES STATE BUDGET DIVISION: REV	EW OF AGENCY & POLT. SUB. RESPONSE
LB: 501	AM:	AGENCY/POLT. SUB: Dougla	s County Assessor/Register of Deeds
REVIEWED	BY: Ryan Yang	DATE: 1/31/2025	PHONE: (402) 471-4178
COMMENTS from LB 501.	o o	e with the Douglas County Assessor/R	egister of Deeds assessment of no fiscal impact

Operating.....

LB (1)	501							FISCAL NOTE
State Ag	gency OR	Political S	ubdivision Name:	₍₂₎ Doug	las County A	ssessor/Regis	ster of Deeds	s Office
Prepare	ed by: (3)	Michae	el Goodwillie	Dat	te Prepared: (4)	1/27/2025	Phone: (5	402 444-6703
		F	ESTIMATE PRO	OVIDED BY	STATE AGE	NCY OR POLITI	CAL SUBDIVI	SION
			1	FY 2025-26	ì		FY 202	6-27
			EXPENDITUR		<u>REVENUE</u>	EXPEND		REVENUE
GENE	RAL FUN	DS		<u> </u>				
CASH 1	FUNDS					_		
FEDEF	RAL FUN	DS						
OTHE	R FUNDS	3						
TOTA	L FUNDS	3	0		0	()	0
as it ex typicall and ass LB 501 necessa languag that the the loca on or b has pro previous the rep LB 501 with he But with	ists on Jaly due to essor on replaces ary to get ge to the e propert al assessor efore July wided a sus value (lort to the seems to ow many the last year	nuary 1 of things like or before the langurelief—2 assessment y owner or inspect y 20 and sepreadshee and, important, imp	of the assessment of the assessment of floods and tor July 15 and the large "destroyed" of the improper ould add its own and review the phall include the latt of the BOE reprovement, total) all be prescribed what this office be get from taxpardo, we were able pate fiscal imparts.	t/tax year. nadoes, price county boar real proper ovement's as ined by the nappraisal toproperties seen do not be the Tax has been do nyers—years et o review act to this of	The one exceptor to July 1. The of equalization of equalization of equalization of the report it eeking relief and by the property seek amage recommon Commissioner. In ganyway with swith floods or all of the properfice.	tion is for proper to property owner on determines where the condition of the land? That may be as files with the could provide a reporty owners. However, the condition relief with owner of the condition of th	ty that sustains riles a report nether a change y and clarifies he sassessed values unty. It does act to the local fever, as a practive, as a practive, improvement Obviously, the soing to be busing staff—we ant	valued for tax purposes is significant damage, with the county clerk in value is merited. now much damage is e, although it removes ppose it could mean ld a requirement that Board of Equalization ical matter, our office dress, parcel number, , total). The form for amount of work varies er than those without. icipate the same going
Person	al Service	es:	<u>BKEAKD</u>	OWN BY M	IAJUK UBJEC	<u> S OF EXPENDI</u>	<u> 1 UKE</u>	
	POSIT	TION TIT	LE	NUMBER <u>25-26</u>	OF POSITION <u>26-27</u>	S 2028 <u>EXPEND</u>		2026-27 EXPENDITURES
Benefit	·s							

Travel	
Capital outlay	
Aid	
Capital improvements	
TOTAL	

LB ⁽¹⁾ 501			FISCAL NOTE		
State Agency OR Political Subdivision Name:	Lancaster County	Assessor/Register of Dee	eds		
Prepared by: (3) Dan Nolte	Date Prepared: (4)	Prepared: (4) 01/24/25 Phone: (5) 402-44			
ESTIMATE PRO	VIDED BY STATE AGE	AGENCY OR POLITICAL SUBDIVISION			
-	W 2027 22	EV and	· · · · · · · · · · · · · · · · · · ·		
<u>EXPENDITUR</u>	<u>Y 2025-26</u> <u>ES REVENUE</u>	<u>FY 202</u> <u>EXPENDITURES</u>	REVENUE		
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
					
TOTAL FUNDS					
Explanation of Estimate: The proposed legislation does not app					
	OWN BY MAJOR OBJECT	TS OF EXPENDITURE			
Personal Services:	NUMBER OF POSITION	S 2025-26	2026-27		
POSITION TITLE	<u>25-26</u> <u>26-27</u>	EXPENDITURES	EXPENDITURES		
		<u> </u>			
Benefits					
Operating					
Travel			-		
Capital outlay					
Aid Capital improvements					
TOTAL					

LB 0501 Fiscal Note 2025

State Agency Estimate						
State Agency Name: Department of	of Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	01/31/2025		Phone: 471-5896	
	FY 2025	5-2026	FY 202	6-2027	FY 202	7-2028
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0
	-		•			

LB 501 expands the events which would qualify taxpayers to file a claim for destroyed real property by:

- Adding "and other events causing significant property damage" to the legislature's findings of what events would equate to granting property tax relief.
- Replacing the word "destroyed" with "damaged" through statutes.
- Removing the definition of calamity which limited events to natural events like fires, earthquakes, floods, or tornadoes; and
- Removing the requirement that the damaged must be on property located in an area that has been declared a disaster area by the Governor and the housing inspector determined the property is uninhabitable or unlivable

LB 501 requires the assessor to inspect and review all properties that a report was filed on and submit a comprehensive report to the county board of equalization for the board to take action on. The Tax Commissioner must create the form for the county assessor to use to file their report.

The Department of Revenue (DOR) estimates that this bill will have no impact on the General Fund revenues.

It is estimated that there will be minimal costs to the DOR to implement this bill.

LB 501 has an emergency clause and becomes law upon enactment.

	Major Objects of Expenditure						
Class Code	Classification Title	25-26 <u>FTE</u>	26-27 <u>FTE</u>	27-28 <u>FTE</u>	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
+							
Benefits							
Operating Costs							
Travel							
Capital Outlay							
	S						
Total							

LB ⁽¹⁾ 501			FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	Tax Equalization 8	& Review Commissi	on
Prepared by: (3) Rob Hotz	Date Prepared: (4)	Phone: (5) (402) 471-2842	
ESTIMATE PROV	IDED BY STATE AGEN	NCY OR POLITICAL SI	UBDIVISION
FY	2025-26		FY 2026-27
EXPENDITURES		EXPENDITURE	
GENERAL FUNDS	_		
CASH FUNDS			_
FEDERAL FUNDS			
OTHER FUNDS	-		
TOTAL FUNDS			
Explanation of Estimate:	-		
No fiscal impact			
Personal Services:	WN BY MAJOR OBJECT	<u> CS OF EXPENDITURE</u>	
	IUMBER OF POSITION <u>25-26</u> <u>26-27</u>	S 2025-26 EXPENDITURI	2026-27 EXPENDITURES
Benefits			
Operating			
Travel			_
Capital outlay			
Aid			
Capital improvements			_
TOTAL			

FISCAL NOTE				LB ⁽¹⁾ 501
	ation of County Officials	Nebraska Associa	olitical Subdivision Name: (2)	State Agency OR Pol
402.434.5660	1/30 /2025 Phone: (5)	Date Prepared: (4) 1/30 /2025		Prepared by: (3)
ION	ENCY OR POLITICAL SUBDIVIS	DED BY STATE AGEN	ESTIMATE PROVI	
REVENUE	FY 2026 EXPENDITURES	2025-26 REVENUE	EXPENDITURES OS S S	GENERAL FUNDS CASH FUNDS FEDERAL FUNDS OTHER FUNDS TOTAL FUNDS Explanation of Esti
-			S	CASH FUNDS FEDERAL FUNDS OTHER FUNDS TOTAL FUNDS

I. 53 counties responded to the survey:

Based on a 2023 survey:

Antelope, Arthur, Blaine, Boyd, Buffalo, Burt, Butler, Cass, Chase, Clay, Colfax, Cuming, Dixon, Dodge, Franklin, Frontier, Furnas, Garden, Garfield, Gosper, Grant, Hall, Holt, Hooker, Howard, Jefferson, Johnson, Kearney, Keith, Keya Paha, Logan, Loup, Madison, McPherson, Merrick, Morrill, Nance, Nuckolls, Otoe, Pawnee, Perkins, Platte, Polk, Saline, Scotts Bluff, Seward, Sioux, Stanton, Thayer, Thomas, Valley, Webster, and Wheeler.

- II. 19 counties had at least one application submitted for destroyed property; 34 counties did not have an application submitted for destroyed property.
- III. Among the 19 counties that had at least one application submitted for destroyed property, the total number of applications was 169. One county had 41 applications; the county did not reject any of the applications. Instead, the county removed the destroyed buildings and reduced the remaining buildings accordingly; if we remove this outlier county, the total number of applications is reduced to 128. The average number of submitted applications was 9 (12 counties had 1-3 applications, while the remaining 6 counties had between 6 and 41 applications). If we remove the outlier county, the average number of applications was 7.
- IV. Among the 19 counties that had at least one application submitted for destroyed property, the total valuation of damaged property submitted for application was \$25,698,058; if we remove the outlier county, the total drops to \$9,453,142. The average valuation of submitted applications was \$8,003; if we remove the outlier county, the average drops to \$4,103.
- V. Among the 19 counties that had at least one application submitted for destroyed property, the board of equalization rejected a total of 13 applications (8% of total applications); there was no change in the total number of rejections when the outlier county was removed, but the ratio of rejections to total applications rose to 10%.

VI. Among the 19 counties that had at least one application submitted for destroyed property, the total amount of the rejected valuation was \$1,124,627; there was no change when the outlier county was removed. The average amount of the rejected valuation per application was \$14,418; there was no change when the outlier county was removed.

Because the levy rate would presumably increase as the tax base is diminished, there would be no fiscal impact to revenues, as no counties are near enough the 50 cent constitutional limit for their levy authority to be affected.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:	DOWN BI MIZE	JON OBJECTS O	T EXI ENDITURE	
POSITION TITLE	NUMBER OI <u>25-26</u>	F POSITIONS <u>26-27</u>	2025-26 <u>EXPENDITURES</u>	2026-27 EXPENDITURES
_				
Benefits				
Operating				
Travel				
Capital outlay				
Capital improvements				
TOTAL				