

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2025-26</b>		<b>FY 2026-27</b>	
	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 July 15 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.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 501	AM:	AGENCY/POLT. SUB: Tax Equalization and Review Commission	
REVIEWED BY: Ryan Yang	DATE: 1/24/2025	PHONE: (402) 471-4178	
COMMENTS: Concur with the Tax Equalization and Review Commission assessment of no fiscal impact from LB 501.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 501	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY: Ryan Yang	DATE: 2/3/2025	PHONE: (402) 471-4178	
COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of no fiscal impact from LB 501.			

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

LB: 501                    AM:                    AGENCY/POLT. SUB: Lancaster County Assessor/Register of Deeds

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

COMMENTS: No basis to disagree with the Lancaster County Assessor/Register of Deeds assessment of no fiscal impact from LB 501.

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

LB: 501                    AM:                    AGENCY/POLT. SUB: Douglas County Assessor/Register of Deeds

REVIEWED BY: Ryan Yang                    DATE: 1/31/2025                    PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the Douglas County Assessor/Register of Deeds assessment of no fiscal impact from LB 501.

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

**2025**

**LB<sup>(1)</sup> 501**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Michael Goodwillie Date Prepared: <sup>(4)</sup> 1/27/2025 Phone: <sup>(5)</sup> 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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate: LB 501 would make some changes to the series of statutes relating to changes in value to properties that sustain significant damage after January 1 and before July 1. Generally, property is valued for tax purposes as it exists on January 1 of the assessment/tax year. The one exception is for property that sustains significant damage, typically due to things like floods and tornadoes, prior to July 1. The property owner files a report with the county clerk and assessor on or before July 15 and the county board of equalization determines whether a change in value is merited.

LB 501 replaces the language “destroyed” real property with “damaged” real property and clarifies how much damage is necessary to get relief—20% of the improvement’s assessed value or 20% of the land’s assessed value, although it removes language to the assessment being determined by the county assessor. That may be assumed or, I suppose it could mean that the property owner could add its own appraisal to the report it files with the county. It does add a requirement that the local assessor inspect and review the properties seeking relief and provide a report to the local Board of Equalization on or before July 20 and shall include the reports filed by the property owners. However, as a practical matter, our office has provided a spreadsheet to the BOE regarding each property seeking relief with owner name, address, parcel number, previous value (land, improvement, total) and post-damage recommended value (land, improvement, total). The form for the report to the BOE shall be prescribed by the Tax Commissioner.

LB 501 seems to require what this office has been doing anyway with existing staff. Obviously, the amount of work varies with how many reports we get from taxpayers—years with floods or tornadoes are going to be busier than those without. But with last year’s tornado, we were able to review all of the properties with existing staff—we anticipate the same going forward and do not anticipate fiscal impact to this office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____



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

**2025**

**LB<sup>(1)</sup> 501**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Dan Nolte Date Prepared: <sup>(4)</sup> 01/24/25 Phone: <sup>(5)</sup> 402-441-7463

**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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

The proposed legislation does not appear to have a fiscal impact on this office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</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.

**2025**

**LB<sup>(1)</sup> 501**

**FISCAL NOTE**

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> January 24, 2025 Phone: <sup>(5)</sup> (402) 471-2842

**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	_____	_____	_____	_____
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>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</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.

**2025**

**LB<sup>(1)</sup> 501**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Association of County Officials

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 1/30 /2025 Phone: <sup>(5)</sup> 402.434.5660

**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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

Based on a 2023 survey:

I. 53 counties responded to the 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:**

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