

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	\$902,267		\$101,600	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$902,267		\$101,600	

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

LB 628 establishes the Recreational Trail Easement Property Tax Exemption Act.

The bill provides that a taxpayer who encumbers their property with a perpetual recreational trail easement is eligible for an annual property tax exemption equal to ten cents for each square foot of the property encumbered by the easement. If the exemption amount exceeds the taxpayer's property tax liability for the taxable year, the excess amount may not be carried forward to subsequent years. The bill provides the qualifications for the property tax exemption.

Under the bill, the taxpayer shall submit an application to the Department of Revenue (DOR). Upon verification of the qualification for the property tax exemption, the DOR shall issue a property tax exemption certificate to the taxpayer.

The DOR shall adopt and promulgate rules and regulations necessary to carry out the Act, and the bill specifies what rules and regulations the DOR shall include.

The bill amends section 76-214 so that the statement required under subsection (1) would include easements used to qualify for the property tax exemption provided by the Act.

The bill is operative on January 1, 2026.

The DOR estimates no impact on General Fund revenues.

The DOR estimates a one-time programming charge of \$798,867 to be paid to the Office of the Chief Information Officer (OCIO) for developing an electronic application system as well as a database to track and handle the applications between DOR and counties. DOR also estimates the need for 1.0 FTE IT Business Systems Analyst-Coordinator to implement this bill.

The Lancaster County Assessor/Register of Deeds Office estimates computer programming and related costs as a result of this bill.

Qualified property tax exemptions, under this bill, are estimated to decrease political subdivision property tax revenues as a result of this bill.

A change in the taxable base for schools due to the exemption of property could have an impact on state aid under TEEOSA, but any such amount is indeterminate.

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

LB: 628	AM:	AGENCY/POLT. SUB: Douglas County Assessor/Register of Deeds	
REVIEWED BY: Ryan Yang		DATE: 2/1/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Douglas County Assessor/Register of Deeds assessment of indeterminate fiscal impact from LB 628.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 628	AM:	AGENCY/POLT. SUB: Lancaster County, Nebraska
REVIEWED BY: Ryan Yang	DATE: 2/4/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Lancaster County, Nebraska assessment of indeterminate fiscal impact from LB 628.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 628	AM:	AGENCY/POLT. SUB: Lancaster County Assessor/Register of Deeds
REVIEWED BY: Ryan Yang	DATE:	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Lancaster County Assessor/Register of Deeds assessment of minimal fiscal impact from LB 628.		

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

2025

LB⁽¹⁾ 628

FISCAL NOTE

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

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

Explanation of Estimate: LB 628 would provide a small property tax exemption for square footage of property encumbered by a recreational trail easement. That easement would have to be recorded with the local register of deeds office and would be worth 10 cents per square foot of the property encumbered by the easement. The taxpayer would apply for the exemption with the Nebraska Department of Revenue, who would issue a “certificate” to the taxpayer. What isn’t clear from LB 628 is what happens next. Does the taxpayer bring the certificate to the assessor’s office? How is the amount of the exemption determined? Is the value of the property reduced to work backward to the exemption amount? Or does the amount of the exemption go to the Treasurer’s Office to be subtracted from the bill, which would probably be easier since the exemption seems to be expressed in terms of tax dollars rather than value.

In any event, the applications are with the Department of Revenue, meaning we do not see an additional administrative burden on this office. As for the taxes represented by the exemption, given the size of the tax base in Douglas County, this does not appear to be a bill that would result in a significant tax loss to the county or its political subdivisions.

It isn’t clear from the bill what this will look like with the operation of the school district tax credit and the restrictions on the property tax requests on local political subdivisions—last year’s request, plus growth, plus an inflation factor, plus exceptions for things like emergencies and public safety. But as an example, from 2022 to 2023 taxes levied by the political subdivisions in Douglas County increased by about 7.8%, which more or less mirrors the increase in market values of real property in the county. The difference was approximately \$104,278,568. A three percent difference would have been \$39,870,477. There is an exception for improvements added that might have made the difference less, but it would still be a significant difference.

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.....		

LB⁽¹⁾ 628

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dan Nolte

Date Prepared: ⁽⁴⁾ 01/27/25

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	\$10,000		0	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate: This bill would require some computer programming and related expenses.

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) 1/30/2025 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				

Under LB628, landowners who grant such easements on their property are eligible for an annual property tax exemption of the encumbered property. The fiscal impact on Lancaster County will depend on the number and size of properties designated as recreational trail easements. Each qualifying easement reduces the county's property tax revenue by ten cents per square foot.

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: 02/14/2025			
				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> <u>Revenue</u>
General Funds	\$902,267	\$ 0		\$101,600	\$ 0		\$101,600 \$ 0
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$902,267	\$ 0		\$101,600	\$ 0		\$101,600 \$ 0

LB 628 creates the Recreational Trail Easement Property Tax Exemption Act (Act). The Act would grant taxpayers who encumber their property with a perpetual easement for nonmotorized recreational use a property tax exemption equal to 0.1 cents square foot of property encumbered by the easement. The Act contains the qualifications for the easement.

Taxpayers submit their application to the Department of Revenue (DOR) and requires DOR to adopt and promulgate rules and regulations necessary to carry out the Act.

LB 628 creates a property tax exemption under Neb. Rev. Stat. § 77-202(1) to grant a 100% exemption for any portion of the property owned by a taxpayer subject to a qualifying easement under the Act.

LB628 exempts easements filed under the Act from requiring a real estate transfer statement.

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

LB 628 will require a one-time programming charge of \$798,867 paid to OCIO for developing an electronic application system as well as a database to track and handle the applications between DOR and counties. DOR will also need one FTE at the Business Systems Analyst-Coordinator level to implement this bill.

The operative date of this bill is January 1, 2026.

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>
A07082	Information Technology Business Systems Analyst/Coordinator	1.0	1.0	1.0	\$74,000	\$76,400	\$76,400
Benefits.....					\$24,400	\$25,200	\$25,200
Operating Costs.....					\$798,867		
Travel.....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
Total.....					\$902,267	\$101,600	\$101,600