

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 679 provides that real property with delinquent taxes can be sold by negotiated bulk sale or by the county treasurer at public auction.

The bill adds that for purposes of sections 77-1802, 77-1807, and 77-1818, a negotiated bulk sale is the sale or transfer of multiple parcels of real property for delinquent taxes to one or more persons by any county board. At the sole discretion of the county board, any such sale or transfer may include any terms deemed appropriate or necessary unless any such term would violate state law. The sale price may include a reasonable administrative fee as determined by the county board which amount shall be included in the sum noted on each tax certificate issued pursuant to section 77-1818.

Section 77-1818 is amended so that, upon issuance of the certificate to a purchaser of the real property, the purchaser shall attempt to notify, by personal service, the property owner of the real property that was sold for taxes at the address listed for such owner in the records of the county assessor. The purchaser shall file proof of such service of notice with the application for the tax deed pursuant to section 77-1837. The purchaser shall notify the county treasurer of the amount of the fee for attempted or actual service of notice within 30 days after completion of the service of notice in a manner prescribed by the county treasurer.

Section 77-1909 is amended connected to foreclosure proceedings. The bill provides that the court shall award to the plaintiff a reasonable attorney's fee, unless waived by the by the plaintiff, of \$2,500. The plaintiff may apply to the court for any attorney's fees in excess of \$2,500 and the court shall award any amount it determines to be reasonable under the circumstances. Any attorney's fees awarded shall be taxed as part of the costs in the action and apportioned equitably as other costs. The amount of the reasonable attorney's fee awarded to the plaintiff shall be increased on January 1, 2027, and on January 1 of successive years, by the percentage change, if any, as of August of the previous year over the level as of August of the year preceding that year in the Consumer Price Index for All Urban Consumers, Midwest Region, or its successor index, as published by the Bureau of Labor Statistics of the United States Department of Labor, or its successor agency.

The Department of Revenue estimates no impact on General Fund revenues and no cost to it to implement the bill. There is no basis to disagree with this estimate.

The Supreme Court estimates minimal fiscal impact as a result of the bill. There is no basis to disagree with this estimate.

The Lancaster County Treasurer estimates IT costs, revenue losses due to a decrease in bidder fee revenue, and an indeterminate amount of revenue from the specified reasonable administrative fee as a result of the bill.

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

LB: 679	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Walton		DATE: 2/21/2025	PHONE: (402) 471-4174
COMMENTS: The Department of Revenue's assessment of no fiscal impact from LB 679, appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE
LB: 679 AM: AGENCY/POLT. SUB: Lancaster County Treasurer
REVIEWED BY: Ryan Walton DATE: 2/3/2025 PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the Lancaster County Treasure's assessment of fiscal impact from LB 679.

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			
	FY 2025-2026			FY 2026-2027			FY 2027-2028	
	Expenditures	Revenue		Expenditures	Revenue		Expenditures	Revenue
General Funds		\$ 0			\$ 0			\$ 0
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0			\$ 0			\$ 0

LB 679 changes the method of selling or auctioning real property delinquent on property taxes by county treasurers by adding a provision allowing for the negotiated bulk sale of delinquent property at the discretion of the county board.

LB 679 changes the amount of money awarded to the plaintiff from a court decree of foreclosure of delinquent property. The plaintiff must be awarded attorney's fees of \$ 2,500 unless waived by the plaintiff. The bill would also allow the plaintiff to apply for attorney's fees in excess of \$ 2,500. The amount of attorney's fees to be awarded must be increased by the level of inflation beginning January 1, 2027, and each year thereafter.

The operative date for LB 679 is three months after adjournment of the Legislature.

It is estimated that LB 679 will have no impact on General Fund revenues.

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.....							
Total.....							

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2025

LB⁽¹⁾ 679

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Rachel Garver Date Prepared: ⁽⁴⁾ Jan. 31, 2025 Phone: ⁽⁵⁾ 402-441-7425

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	\$100,000+	-5,000+	\$14,000+	-5,000+
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$100,000+	-5,000+	\$14,000+	-5,000+

Explanation of Estimate:

There is insufficient information available regarding the bulk sale of the delinquent taxes of parcels, to fully assess the process involved. At the very least, the necessary programming adjustments would cost approximately \$14,000 with the potential for these costs to exceed \$100,000. Furthermore, additional programming changes of at least \$14,000 may be required in the second fiscal year. Since the County Board would be involved in bulk sales, including determining fees and taking specific action, it is unknown what potential costs would be incurred by the Board.

"Reasonable administrative fee" is ambiguous and cannot be calculated without further information.

Assumptions:

- 550 parcels, the average over the past six year of parcels available at the tax sale.
- The county decides which parcels are placed into a bulk package and choose to place 200 parcels into four bulk packages.
- The average number of bidders has been 400. This would be projected to go down by at least 50%, resulting in a minimum loss of \$5,000 in bidder fee revenue.
- 100% of the delinquent taxes, interest, and associated fees would be included in the sale price resulting in no change in expenditures or revenue.

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.....				

State Agency OR Political Subdivision Name: ⁽²⁾ 05 Supreme Court

Prepared by: ⁽³⁾ Eric Asboe

Date Prepared: ⁽⁴⁾ 2/21/2025

Phone: ⁽⁵⁾ 402-326-9215

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:

Minimal fiscal impact to determine the amount of reasonable attorney’s fees to be awarded and provide judicial education. No additional resources required.

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.....				