

ONE HUNDRED NINTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE RESOLUTION 464**

Introduced by Conrad, 46.

PURPOSE: The purpose of this resolution is to propose an interim study to explore the potential for a de minimis property tax exemption.

The study shall include, but not be limited to, an examination of the following questions:

(1) What is the economic purpose of a de minimis property tax exemption for tangible personal property and why have other states pursued them?

(2) What percentage of property tax revenue from tangible personal property is derived from the top one, five, ten, and twenty percent of personal property return filers?

(3) What exemption levels would be necessary to exempt eighty, ninety, ninety-five, or ninety-nine percent of personal property return filers?

(4) What is the administrative cost to county governments for processing low-dollar tangible personal property returns? What is the cost of processing tangible personal property returns with less than fifty dollars of reported liability? What is the cost of processing the lowest eighty or ninety percent of personal property returns compared to property tax revenue from those returns?

(5) How does the cost of administering low-dollar personal property returns compare to the cost of administering high-value personal property returns?

(6) What is the personal property tax compliance cost ratio for small businesses, representing how much they spend complying with personal property returns versus their actual liability?

(7) What de minimis exemptions have been adopted by other states, what are the reported revenue implications, and what percentage of potential personal

property taxpayers do they exempt?

(8) What are the best practices to avoid tax cliffs and eliminate compliance costs for small business taxpayers?

(9) What design considerations are necessary for successful implementation of a de minimis property tax exemption for tangible personal property?

(10) How should revenue losses associated with a de minimis property tax exemption for tangible personal property be addressed, and should any state reimbursement be net of reduced county administrative costs?

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE ONE HUNDRED NINTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Revenue Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.