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PREPARED BY: Doug Gibbs
DATE PREPARED: February 21, 2012
PHONE: 402-471-0051

LB 1075

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$ 1,257,000		\$ 1,153,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$ 1,257,000		\$ 1,153,000	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1075 amends Nebraska Revised Statutes dealing with revenue and taxation to provide for the centralized valuation of all rent-restricted housing projects.

The bill would require the Property Tax Administrator to value all rent-restricted housing projects. At this time this valuation function is performed by the county assessor.

A "rent-restricted housing project" is defined as a housing project financed, at least in part, with an allocation of low-income housing tax credits allocated under either section 42 or 142 of the Internal Revenue Code or allocated by the Nebraska Investment Finance Authority (NIFA).

Current law provides that that the county assessor shall use an income-approach calculation for determining assessed valuation for these type properties, and when doing so shall not include any low-income housing tax credits as income for purposes of determining the capitalization rate. The bill retains the income-approach calculation but says the credits are not considered income for purposes of determining the assessed value.

The owner of such property is to file a statement each year by April 15 that details income and expense data for the prior year. Failure to furnish such a statement may incur a penalty of \$100 per day not to exceed a total of \$1000. The Tax Commissioner may waive all or part of the penalty.

By July 1 of each year the Property Tax Administrator is to mail the proposed assessed valuation to each rent-restricted project owner and by July 15 notify by certified mail each such property owner of the final assessed valuation. The property owner may file an administrative appeal of the valuation with the Tax Commissioner by August 1. The Tax Commissioner is to act on the appeal and issue a written order mailed within seven days of the order. The owner may appeal that order to the Tax Equalization and Review Commission.

Finally, for purposed of certifying values, the county assessor is to include the rent-restricted housing project value as certified by the Property Tax Administrator.

The Department of Revenue has estimated no fiscal impact to General Fund revenue as a result of LB 1075.

The Department has also estimated the cost to implement the provisions of LB 1075 to be as follows:

FY2012-13:	\$ 1,257,000
FY2013-14:	\$ 1,153,000
FY2014-15:	\$ 1,167,500

These costs are based on there being 338 IRC section 42 projects in 61 counties, with 12,763 units in 2,164 buildings and an unknown number of IRC section 142 properties.

We have no basis to disagree with the Department's estimate of fiscal impact or cost to implement.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials indicates that the fiscal impact is undetermined until it is known what impact the bill has on assessment practices.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/22/12	PHONE 471-2526
COMMENTS			
NEBRASKA ASSOCIATION OF COUNTY OFFICIALS (NACO): No basis upon which to disagree. It is anticipated that counties will see a reduction in assessment expenses if the bill is enacted.			

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LB⁽¹⁾ 1075 FISCAL NOTE

LEGISLATIVE FISCAL

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/23/2012

Phone: ⁽⁵⁾ 402.434.5660, ext. 225

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 1075 is undetermined until it is known what impact the bill has on assessment practices.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

