

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| | ESTIMATE OF FISC | CAL IMPACT - ST | ATE AGENCIES * | | |
|---------------|------------------|-----------------|----------------|---------|--|
| | FY 2012- | -13 | FY 2013-14 | | |
| _ | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE | |
| GENERAL FUNDS | \$ 1,257,000 | | \$ 1,153,000 | | |
| CASH FUNDS | | <u>-</u> | | | |
| 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 Statues 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

| | | DEPARTMENT OF ADMI | MISTRATIVE 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⁾ 107 | 5 FISCAL NOTE | | LEGISLATIVE FISCAT | | | | | | |
|---|--|---|---|-------------------|-----------------------|--------------------------|--|--|--|
| State Agency OR Political Subdivision Name: ⁽²⁾ | | Nebraska A | Nebraska Association of County Officials (NACO) | | | | | | |
| Prepared by: | Elaine Menzel | Date Prepared: | 1/23/2012 | Phone: | 402.434.5 ext. 225 | 5660, | | | |
| | ESTIMATE P | PROVIDED BY ST | ATE AGENCY | OR POLITIC | CAL SUBDI | <u> </u> | | | |
| | EXPENDIT | FY 2012-2013 | VENUE | EXPENDI | | <u>3-2014</u> REVENUE | | | |
| GENERAL FU | | UKES KE | VENUE | <u>EAI ENDI</u> | IUNES | REVENCE | | | |
| | | | | | | | | | |
| CASH FUNDS | | | | | | - | | | |
| FEDERAL FU | NDS | | | | | | | | |
| OTHER FUND | | | . | | | | | | |
| TOTAL FUND | os | | | | | | | | |
| Explanation of | pecified or 72 hours prior (Estimate: ndetermined until it is l | | | | ent practic | es. | | | |
| | | MAJOR OBJECT | 'S OF EXPENI | OITURE | | | | | |
| Personal Servic | ces: | | | | | | | | |
| POSI | TION TITLE | NUMBER OF I | 2051110NS 13-14 | 2012-2 EXPENDI | | 2013-2014 EXPENDITURES | | | |
| Benefits | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| - | | | | | | | | | |
| | | | | | | | | | |
| Capital improve | ements | • | | | | | | | |

| | | State Agency | Estimate | FFP | | |
|--|--|----------------|------------------------------|------------------|--|-----------------|
| State Agency Name: Department | of Revenue | | | FED 2 2 2012 Par | te Due LFA: | |
| Approved by: Douglas Ewald | | Date Prepared: | 2/15/12 | Pho | one: 471-5700 | |
| General Funds | FY 2012-20 Expenditures \$ 1,257,000 | 013 Revenue | Expenditures \$ 1,153,000 | RUMAGISCAL | <u>FY 2014-</u> <u>Expenditures</u> \$ 1,167,500 | 2015 Revenue |
| Cash Funds Federal Funds Other Funds Total Funds | \$ 1,257,000 | | \$ 1,153,000 | | \$ 1,167,500 | |

LB 1075 requires the Property Tax Administrator to value all rent-restricted housing projects. Rent-restricted housing projects are defined as projects that are financed with an allocation of low-income housing tax credits allocated under Internal Revenue Code (IRC) sections 42 or 142 and approved by the Nebraska Investment Finance Authority (NIFA).

The owner of a rent-restricted housing project must file a statement with the Property Tax Administrator on or before April 15 of each year that details income and expense data for the prior year. The statement will be made on forms prescribed by the Tax Commissioner.

This bill requires the Property Tax Administrator to mail a proposed assessed valuation to each project on or before July 1 and to notify each owner, by certified mail, the final assessed valuation for the housing project before July 15.

It is estimated that there will be no revenue impact to the General Fund to implement this bill

There are 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. Based on this, the cost to the Department is as follows:

FY 2012-13 \$ 1,257,000 FY 2013-14 \$ 1,153,000 FY 2014-15 \$ 1,167,500

| Major C | bjects of H | Expendit | ure | | | |
|--|--|---|--|---|--|---------------------------------------|
| | 12-13 | 13-14 | 14-15 | 12-13 | 13-14 | 14-15 |
| Classification Title | FTE | FTE | FTE | Expenditures | Expenditures | Expenditures |
| Property Assessment & Tax Appraiser Asst I | 5.0 | 5.0 | 5.0 | \$ 147,000 | \$ 150,000 | \$ 153,000 |
| Property Assessment & Tax Appraiser I | 10.0 | 10.0 | 10.0 | \$ 392,500 | \$ 400,500 | \$ 408,500 |
| | | | | | | |
| | | | | | | |
| | | | | \$ 178,000 | \$ 181,500 | \$ 185,000 |
| | | | | \$ 39,500 | \$ 5,000 | \$ 5,000 |
| Travel | | | | | \$ 416,000 | \$ 416,000 |
| Capital Outlay | | | | | | |
| | | | | | | |
| | | | | | | |
| Total. | | | | | \$ 1.153.000 | \$ 1.167.500 |
| | Classification Title Property Assessment & Tax Appraiser Asst I Property Assessment & Tax Appraiser I ents. | Classification Title FTE Property Assessment & Tax Appraiser Asst I 5.0 Property Assessment & Tax Appraiser I 10.0 ents. | Classification Title Property Assessment & Tax Appraiser Asst I Property Assessment & Tax Appraiser I 12-13 13-14 FTE FTE FTE 10.0 10.0 | Property Assessment & Tax Appraiser Asst I 5.0 5.0 5.0 Property Assessment & Tax Appraiser I 10.0 10.0 10.0 ents. | 12-13 13-14 14-15 12-13 Expenditures FTE FTE FTE Expenditures FTE FTE Expenditures S.0 S.0 | 12-13 13-14 14-15 12-13 13-14 |