PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 25, 2013 402-471-0051

LB 370

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

FY 2013-14

EXPENDITURES REVENUE EXPENDITURES REVENUE

GENERAL FUNDS

CASH FUNDS

OTHER FUNDS

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

LB 370 creates the County Property Tax Assistance Program and the Municipal Property Tax Assistance Program.

Both programs would operate in essentially the same manner. The bill refers to an annual General Fund appropriation of an unspecified amount to both programs. The appropriation is to be used by a county or a municipality, respectively, to reduce the amount of property tax they collect by the amount they receive from the program. The Department of Revenue is to distribute aid on or before September 1 of each year.

The amount received is to be determined by a formula, established in Department of Revenue rules and regulations, and is to be based on the total number of residents in a county relative to the total number of residents in the state; or the number of residents per municipality relative to the total number of residents in all municipalities in the state.

The bill provides that any funds received by a county or municipality not used to reduce the amount of property tax shall be repaid to the Department of Revenue.

The bill creates both the County Property Tax Assistance Fund and the Municipal Property Tax Assistance Fund.

The bill has an operative date of July 1, 2013 and contains the emergency clause.

The bill, as written, has no fiscal impact. The fiscal impact would depend solely on the amount of any appropriation by the Legislature and would be a reduction to the General Fund.

IMPACT TO POLITICAL SUBDIVISIONS:

TOTAL FUNDS

As written, LB 370 has no fiscal impact to counties or municipalities. Fiscal impact would depend solely on the amount of any appropriation by the Legislature and the impact for any individual county or municipality would depend on their portion of population relative to the state's entire population for counties or the total municipal population for municipalities.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: <mark>370</mark> AM:	AGENCY/POLT. SUB: Dept. of Revenue					
REVIEWED BY: Lyn Heaton	DATE: 2/25/2013 PHON	E: <u>402.471.4181</u>				
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COMMENTS: The Dept. of Revenue's analysis appears reasonable. As written, the bill would not result in any fiscal impact as it does not provide for any amount of funding for the programs.

Technical Note: The bill provides that the annual General Fund appropriations for each of the two programs created in the bill shall be apportioned as aid to counties and municipalities. However, the bill also creates two cash funds which are to be used to provide the state aid to counties and municipalities. General Fund appropriations are not appropriated to cash funds. Consequently, in order for the aid to be expended, assuming some amount of funding is provided, it would be necessary to correct this apparent conflict by either removing the reference to General Fund appropriations or removing the creation of the cash funds.

State Agency Estimate									
State Agency Name: Department of	Revenue				Date Due LFA:	02/25/2013			
Approved by: Douglas Ewald		Date Prepared:	01/30/2013		Phone: 471-5896				
	FY 2013-2014		FY 2014-2015		FY 2015-2016				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds									
Cash Funds									
Federal Funds									
Other Funds									
Total Funds									

LB 370 creates the County Property Tax Assistance Program and the Municipal Property Tax Assistance Program to provide property tax relief to the counties and municipalities.

The program funds, as appropriated by the Legislature, will be distributed to the counties and municipalities based on a formula which apportions aid based on the total residents per county or municipality compared to the total number of residents in the state or the total number of residents in all municipalities, respectively. The funds distributed must be used to reduce the county and municipality property tax collections. Failure to use these funds to reduce property taxes will result in the repayment of the funds to the Department.

The Department will distribute the aid to the counties and municipalities on or before September 1. The Department may promulgate rules or regulations on the aid formula.

The operative date of the bill is July 1, 2013.

It is estimated that there will be no costs to the Department to implement LB 370.

Major Objects of Expenditure										
Class Code	<u>Classification Title</u>	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures			
Benefits										
Operating Costs.										
Travel										
Capital Outlay										
Capital Improvements.										