

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	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 317 amends Nebraska Revised Statutes Section 77-1311.03 to require that the county assessor in counties with more than 100,000 inhabitants shall assure that all parcels of real property in the county are inspected and reviewed at least every three years. The provision for all other counties shall continue to be every six years.

At the present time the new requirement would apply to Douglas, Sarpy, and Lancaster counties.

There is no fiscal impact to the state as a result of LB 317.

IMPACT TO LOCAL POLITICAL SUBDIVISIONS:

The Douglas County Assessor’s Office estimates that the provisions of LB 317 would require a significant increase in the office’s staff and budget, including 38 new positions and a substantial increase in capital outlay. Total expenditures are \$3,032,473 and \$2,212,288 for FY2013-14 and FY2014-15, respectively.

The Lancaster County Assessor/Register of Deeds office indicates that they would require an additional 8 employees and a large increase in capital outlay. Total expenditures are \$661,230 and \$508,230 for FY2013-14 and FY2014-15, respectively.

The Sarpy County Assessor’s office indicates they would require 2 additional staff people and expenditures of \$216,688.

The Nebraska Association of County Officials indicates that the affected counties would likely incur an additional fiscal impact due to an increase in staff workload, equipment usage, and other operating costs.

There is no basis to disagree with the above entities as to the fiscal impact to their offices.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 317	AM:	AGENCY/POLT. SUB: Douglas County	
REVIEWED BY: Gary Bush		DATE: February 1, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 317	AM:	AGENCY/POLT. SUB: Lancaster County	
REVIEWED BY: Gary Bush		DATE: January 25, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 317	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY: Gary Bush		DATE: January 22, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of impact.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 317	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Gary Bush		DATE: March 18, 2013	PHONE: 471-4161
COMMENTS: Concur with Dept. of Revenue estimate of impact to the agency.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 317	AM:	AGENCY/POLT. SUB: Sarpy County	
REVIEWED BY: Gary Bush		DATE: February 1, 2013	PHONE: 471-4161
COMMENTS: No basis to disagree with estimate of impact.			

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 317 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County Assessor's Office

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/25/2013 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$3,032,473</u>	<u>See Narrative</u>	<u>\$2,212,288</u>	<u>See Narrative</u>
CASH FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
FEDERAL FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
OTHER FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
TOTAL FUNDS	<u>\$3,032,473</u>	<u></u>	<u>\$2,212,288</u>	<u></u>

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

Explanation of Estimate:

LB 317 would require the inspection and review of every parcel of real property within a three-year window in counties having a population of more than 100,000 inhabitants. The current requirement is six years. Douglas County has over 213,000 parcels of real property, representing nearly one quarter of the state's property valuation. At current budget and staffing levels, the Douglas County Assessor's Office is pressed to meet the current six year requirement. Meeting a three-year deadline would require significant increases in staff and budget, effectively doubling the appraisal staff for the office. This assumes that the office could find a sufficient number of qualified people to do the work within a short enough time window to have an impact from the start of the three year time frame. The expenditures that are broken out into categories in this fiscal note are based on the office doing the increased work "in house". Later in this narrative, costs are provided for contracting out the data collection work required by the bill. Wages for the estimated additions in staff are based on the current wage scale in Douglas County for the positions added. Benefits are calculated by applying a 35% factor to the wages of the new employees. That number was derived from the County Finance Director. For the remainder of the expenses, there will be capital outlays for items such as office computers, handheld computers for work in the field, telephones, measuring devices and cameras, as well as office equipment and cubicles for each of the new staffers. Additionally, since adding staff is useless without a way to get them into the field, the capital outlays include the cost of x vehicles. There would also be operating expenses consisting of items such as appraisal licensure, education, and computer software support fees for the programs used in the office. All of these are reflected in the estimated expenses for fiscal 2013-14. For fiscal 2014-15, the capital outlays are reduced in the immediate future because once you purchased the capital items in the first year, you would not need to purchase them again in the second, and there are some operating expenses that would be diminished, but wages, benefits, and the remaining operating expenses are increased by 2%. This figure reflects a reasonable increase based on salary negotiations with the public employee bargaining units in the county and potential increased costs in those items that have annual fees.

As an alternative, if the office is unable to find adequate staffing to perform the additional work, it could have to contract out some or all of the additional work to private appraisal companies. In that scenario, if all of the data gathering work were contracted out, the estimated contract amount would be for approximately \$2,513,543 per year for each of the three years in the inspection cycle. Such contracts are based on a cost per parcel for different classes of property and we estimate \$35 a parcel for agricultural and residential property, \$50 a parcel for commercial property, and \$30 for exempt property.

The Fiscal Note also asks for revenue that might be generated by the requirements of the bill. In the case of LB 317, this is next to impossible. One might assume, given more frequent review and inspection of real property, that changes to property affecting value would be picked up more frequently and, potentially, property value in the county could increase or decrease as the market dictates. Even if that were the case, there is no way to estimate how much that increase or decrease might be. The amount of revenue generated from such an increase in value would be completely dependent on the budget and levy decisions of the political subdivisions that receive property taxes. In other words, if value increases but the levy rate declines, there may be no new property tax revenue generated by the value added. Further, more frequent inspections may not generate any new value at all. In a flat or declining market for real estate, inspecting property more frequently will not change the behaviors of buyers and sellers in the market, which, in the end will drive assessed value. There may also be properties that are reduced in value due to more frequent inspections. There is no way to know how many properties would fall into this category or what impact on value they might have. The Assessor's

Office does not generate revenue; the taxing entities levying property taxes generate the revenue through the tax rates they apply to value.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
Real Estate Lister	20	20	\$760,020	\$793,460
Real Estate Supervisor	3	3	207,000	211,140
Real Estate Technician I	15	15	583,440	595,095
Benefits.....			542,661	559,893
Operating.....			174,192	52,700
Travel.....				
Capital outlay.....			715,160	0
Aid.....				
Capital improvements.....			50,000	0
TOTAL.....			\$3,032,473	\$2,212,288

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2013

LB⁽¹⁾ 317 FISCAL NOTE

State Agency OR Political Subdivision Name: Lancaster County Assessor/Register of Deeds
(2)

Prepared by: (3) Scott Gaines Date Prepared: (4) 1/24/2013 Phone: (5) 402-441-6580

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-2014</u>		<u>FY 2014-2015</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	661,230		508,230	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	661,230		508,230	

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

Explanation of Estimate:

This bill would require the addition of 8 employees (Appraiser Apprentices) and the associated costs for benefits, office space, office furniture, computers, vehicles, fuel, supplies, etc.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-2014</u>	<u>2014-2015</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Appraiser Apprentice	8	8	320,000	336,000
Benefits.....			140,000	147,000
Operating.....			25,230	25,230
Travel.....				
Capital outlay.....			176,000	
Aid.....				
Capital improvements.....				
TOTAL.....			661,230	508,230

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 317 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/18/2013 Phone: ⁽⁵⁾ 402.434.5660, ext. 225

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
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 317 would provide that real estate parcels would be required to be inspected and reviewed no less than every three years in counties having a population of more than 100,000. Currently, such counties are required to review the parcels no less than six years. At this time, the affected counties would be Douglas, Lancaster and Sarpy. In those counties that do not already review the parcels no less than every three years, they would likely incur an additional fiscal impact due to an increase in staff workload, equipment usage, etc.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2013

LB⁽¹⁾ 317 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Sarpy County Assessor

Prepared by: ⁽³⁾ Dan Pittman/Jackie Morehead Date Prepared: ⁽⁴⁾ January 22, 2013 Phone: ⁽⁵⁾ 402-593-2122

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	216,688
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>216,688</u>

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

Explanation of Estimate:

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Real Property Data Collector	_____	2	_____	74,256
Benefits.....	_____	_____	_____	49,252
Operating.....	_____	_____	_____	10,380
Travel.....	_____	_____	_____	37,500
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	45,300
TOTAL.....	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>216,688</u>