

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$36,930	\$0	\$83,569,000	\$0
CASH FUNDS		\$0	\$83,494,000	\$83,494,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$36,930</b>	<b>\$0</b>	<b>\$167,063,582</b>	<b>\$83,494,000</b>

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

LB 345 creates the Property Tax Relief Act.

The proposed Act provides a homestead exemption for all owner-occupied homesteads in the state by exempting the first \$8,000 of value from taxation beginning with tax year 2016.

Much of the language of the proposed Act is similar to the current homestead exemption language, including filing dates and other requirements.

The bill requires that each owner desiring a homestead exemption shall file an application for the exemption after February 1 and on or before June 30. The bill also provides that once a homestead exemption has been granted under this Act, the owner need not reapply in succeeding years.

LB 345 also creates the Property Tax Relief Fund from which reimbursements to counties for the homestead exemption provided for in LB 345 are to be made.

**TECHNICAL NOTE:** There is no mechanism for a transfer of money into the Property Tax Relief Fund in LB 345; in other words there is no identified source of revenue for the fund and, as a result, there would be no money available for the reimbursement. The current homestead exemption reimbursement to counties is made from the General Fund and is appropriated each year by the Legislature. For purposes of showing the potential fiscal impact, we assume that money would have to be transferred from the General Fund to a new program at the Department of Revenue and into the cash fund created by the bill and then disbursed to counties.

The exemption provided for in LB 345 is in addition to the exemption provided under the current homestead exemption program.

The Department of Revenue estimates the following fiscal impact to the General Fund and the Property Tax Relief Fund as a result of LB 345:

Fiscal Year:	General Fund Expenditure:	Property Tax Relief Fund Revenue:	Property Tax Relief Fund Expenditure:
2015-16:	\$ 36,930	\$ 0	\$ 0
2016-17:	\$ 83,569,582	\$ 83,494,000	\$ 83,494,000
2017-18:	\$ 84,721,346	\$ 84,644,000	\$ 84,644,000

The Department indicates the cost to implement LB 345 for FY2015-16 would be \$36,930 for 0.5 FTE Revenue Tax Specialist and 0.5 FTE IT Senior Application Developer, with PSL of \$27,767. For FY2016-17 the cost would be \$75,582 with PSL of \$56,828.

We have no basis to disagree with the Department of Revenue's estimate of expenditure and cost to implement.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 345	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/11/2015	PHONE: 471-4181
<p>COMMENTS: No basis upon which to disagree with the Department of Revenue's estimate of the dollar amount that would be needed to reimburse political subdivisions. However, the Department of Revenue's fiscal note is incorrect in that it shows a General Fund expenditure impact for the reimbursement as well as from Cash Funds, namely the Property Tax Relief Fund. LB 345 provides that reimbursement to political subdivisions for lost property tax revenue would be made from the Property Tax Relief Fund, not from the General Fund.</p> <p><b>Technical Note:</b> The bill provides that reimbursement to political subdivisions for lost property tax revenue would be made from the Property Tax Relief Fund, but no source of revenue for the Property Tax Relief Fund is provided. Unless a revenue source is identified in the bill, no funds would be available for the reimbursement payments.</p>		

**State Agency Estimate**

State Agency Name: Department of Revenue Date Due LFA: 2/10/2015  
 Approved by: Len Sloup Date Prepared: 2/10/15 Phone: 471-5896

	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>		<u>FY 2017-2018</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$36,930	\$0	\$83,569,582	\$0	\$84,721,346	\$0
Cash Funds			\$83,494,000	\$83,494,000	84,644,000	84,644,000
Federal Funds						
Other Funds						
Total Funds	\$36,930	\$0	\$167,063,582	\$83,494,000	\$169,365,346	84,644,000

LB 345 would adopt the Property Tax Relief Act (Act). Beginning in 2016 and each year thereafter, the Act would exempt the first \$8,000 value of all qualified homesteads. This value will be reimbursed by the state from the Property Tax Relief Fund. The \$8,000 value relief will then be used when determining the relief that will be provided through the current homestead exemption program.

LB 345 will result in the following impact on the General Fund and Cash Fund:

	General Fund Expenditure	Property Tax Relief Fund Revenue	Property Tax Relief Fund Expenditure
FY 2015-2016	\$ 36,930	\$ -	\$ -
FY 2016-2017	\$ 83,569,582	\$ 83,494,000	\$ 83,494,000
FY 2017-2018	\$ 84,721,346	\$ 84,644,000	\$ 84,644,000

LB 345 would require 0.5 FTE of a Revenue Tax Specialist and 0.5 FTE of an IT Senior Application Developer. The increase in staff is required to administer the program.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
A29621	Revenue Tax Specialist	.5	.5	.5	\$12,127	\$24,798	\$25,356
A07012	IT Application Developer Senior	.5	.5	.5	\$15,640	\$32,030	\$32,798
Benefits.....					\$9,163	\$18,754	\$19,192
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Aid.....							
Capital Improvements.....							
<b>Total.....</b>					\$36,930	\$75,582	\$77,346