

PREPARED BY: Doug Gibbs & Tom Bergquist
 DATE PREPARED: March 07, 2017
 PHONE: 402-471-0051

LB 570

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	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 570 would amend Nebraska Revised Statutes Section 77-202, regarding property exempt from taxation.

The bill would exempt all tangible personal property from property tax, beginning January 1, 2019.

The Legislative Fiscal Office estimates that as a result of the provisions of LB 570, an additional General Fund expenditure of \$60 million for TEEOSA aid will be required for FY2021-22.

The Department of Revenue estimates minimal cost to implement the provisions of LB 570.

We agree with the Department of Revenue's estimate of cost.

Because all personal property would be exempt under the provisions of LB 570, the state would realize a reduction in General Fund expenditures of \$17,000,000 in FY2020-21.

IMPACT TO POLITICAL SUBDIVISIONS:

We estimate an aggregate reduction statewide of personal property taxes levied to the political subdivisions of \$218,000,000 in FY2019-20 and \$222,000,000 in FY2020-21. The overall reduction in total property tax paid depends on how much of the personal property tax reduction is shifted to real property.

The City of Omaha estimates a loss of revenue of \$10,165,858 in FY2019-20 and FY2020-21.

The City of Lincoln estimates a loss of revenue of \$2,485,931 and \$2,560,508.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 570	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: James Van Bruggen	DATE: 3/8/17	PHONE: (402) 471-4179
COMMENTS: The removal of all personal property would lower the taxable values for all local subdivisions. The bill would also lower the calculated local effort of school districts within the TEEOSA formula. This would cause an increase in equalization aid.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 570	AM:	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: James Van Bruggen	DATE: 2/8/17	PHONE: (402) 471-4179
COMMENTS: Agree with the City of Lincoln's statements.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 570	AM:	AGENCY/POLT. SUB: City of Omaha
REVIEWED BY: James Van Bruggen	DATE: 1/26/17	PHONE: (402) 471-4179
COMMENTS: I agree with the City of Omaha's assessment that all personal property tax would be exempt January 1, 2019.		

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

2017

LB⁽¹⁾ 570

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Omaha

Prepared by: ⁽³⁾ Tyler Leimer Date Prepared: ⁽⁴⁾ 1/25/2017 Phone: ⁽⁵⁾ (402) 444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020</u>		<u>FY 2021</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____ (\$5,580,594)	_____	_____ (\$5,580,594)
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____ (\$4,585,264)	_____	_____ (\$4,585,264)
TOTAL FUNDS	=====	===== (\$10,165,858)	=====	===== (\$10,165,858)

Explanation of Estimate:

LB 570 exempts tangible personal property from property tax in 2019. If passed, this bill would have a significant impact on the City of Omaha in 2020. The numbers shown above could potentially be greater due to this estimation using 2016 personal property values.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</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.

2017

LB⁽¹⁾ 570

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ Jan L. Bolin Date Prepared: ⁽⁴⁾ 2/8/17 Phone: ⁽⁵⁾ 402-441-8306

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	<u>(2,485,931)</u>	_____	<u>(2,560,508)</u>
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>(2,485,931)</u>	<u>_____</u>	<u>(2,560,508)</u>

Explanation of Estimate:

This bill will provide a property tax exemption for all tangible personal property tax resulting in a revenue reduction of \$2,485,931 in FY 2017-18 and a revenue reduction of \$2,560,508 in FY 2018-19 for the City of Lincoln.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____