Keisha Patent February 14, 2020 402-471-0059

## LB 812

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2020	)-21	FY 2021-22				
	EXPENDITURES	REVENUE	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 812 amends provisions of the Tax Equalization and Review Commission Act. The bill authorizes the commission to issue an order for the Property Tax Administrator or the county board of equalization to reconsider or rehear a matter within 60 days of the commission's order. Any decision, action, order, or determination made after reconsideration or rehearing can be appealed to the commission within 30 days.

The bill also amends the acceptable range for valuation of all real property, other than agricultural or horticultural land or land receiving special valuation, from 92% to 100% of actual value to 94% to 100% of actual value.

The Tax Equalization and Review Commission and the Department of Revenue estimate no cost to implement the bill. The Nebraska Association of County Officials estimates there could be some additional costs to counties to rehear or reconsider cases and some additional costs for show cause hearings related to the change in acceptable ranges for valuation for residential and commercial property. There is no basis to disagree with these estimates.

Value is adjusted to a higher percentage of market value for TEEOSA purposes, so we do not estimate any impact on state aid to schools under the current TEEOSA formula as a result of the bill. In counties where the valuation percentage is 92% -94% and is adjusted up as a result of the bill, there could be an impact on actual property taxes levied to local political subdivisions, but it would depend on decision making at the local level in regard to the tax levy.

## ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 812	AM:	AGENCY/POLT. SUB: Tax Equalization &	AGENCY/POLT. SUB: Tax Equalization & Review Commission				
REVIEWED BY:	Lee Will	DATE: 01/14/2020	DATE: 01/14/2020 PHONE: (402) 471-4175				
COMMENTS: Concur with the Tax Equalization & Review Commission's assessment of no fiscal impact.							

## ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 812	AM:	AGENCY/POLT. SUB: Department of Revenue				
REVIEWED BY:	Lee Will	DATE: 02/17/2020	PHONE: (402) 471-4175			
COMMENTS: Concur with the Department of Revenue's assessment of fiscal impact.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 812	AM:	AGENCY/POLT. SUB: Nebraska Associatio	on of County Officials (NACO)			
REVIEWED BY:	Lee Will	DATE: 01/21/2020	PHONE: (402) 471-4175			
COMMENTS: No basis to disagree with NACO's assessment of fiscal impact given the assumptions used.						

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 812					FISCAL NOTE			
State Agency OR Political Su	ıbdivision Name: <sup>(2)</sup>	Tax Equalization 8	Tax Equalization & Review Commission					
Prepared by: <sup>(3)</sup> Rob Hotz		Date Prepared: <sup>(4)</sup>	January 9, 2020	January 9, 2020 Phone: (5)				
F	STIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL	SUBDIVIS	SION			
GENERAL FUNDS CASH FUNDS FEDERAL FUNDS OTHER FUNDS TOTAL FUNDS Explanation of Estimate:	<u>FY 2</u> <u>EXPENDITURES</u>	2020-21 <u>REVENUE</u>	<u>EXPENDITU</u>	<u>FY 2021</u> URES 	<u>REVENUE</u>			

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE							
Personal Services:							
BOCITION TITLE		F POSITIONS	2020-21	2021-22			
POSITION TITLE	<u>20-21</u>	<u>21-22</u>	EXPENDITURES	EXPENDITURES			
Benefits							
Operating							
Travel	••••						
Capital outlay							
Aid							
Capital improvements							
TOTAL							

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA:							
Approved by: Tony Fulton		Date Prepared: Phone: 471-5896					
	FY 2019	FY 2019-2020 FY 2020-2021 FY 2021-2022					1-2022
	Expenditures	Revenue		Expenditures	Revenue	Expenditures	Revenue
General Funds	\$0			\$0		\$0	
Cash Funds			_				
Federal Funds			_				
Other Funds			_				
Total Funds	\$0		_	\$0		\$0	
			-				

LB812 amends the Tax Equalization and Review Commission Act to grant the Commission the authority to order that an appeal of a decision, action, order, or determination made by a County Board of Equalization or the Property Tax Administrator be reconsidered or reheard.

LB812 also amends Neb. Rev. § 77-5023 to change the acceptable level of value range for residential and commercial real property, 92% to 100% to 94% to 100%.

This bill may have an effect on TEEOSA, which may have a corresponding impact on General Fund expenditures.

It is estimated that there will be no cost to the Department to implement this bill.

Major Objects of Expenditure								
<u>19-20</u> 20-21 21-22 19-20 20-21 21-22								
Class Code	Classification Title	<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<b>Expenditures</b>	<b>Expenditures</b>	Expenditures	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
Capital Improvements								
Total								

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB <sup>(1)</sup> 812				FISCAL NOTE			
State Agency OR Po	olitical Subdivision Name: <sup>(2)</sup>	Nebraska Association of County Officials (NACO)					
Prepared by: <sup>(3)</sup>	Elaine Menzel	Date Prepared: <sup>(4)</sup>	1/13/2020 Phone	e: (5) 402.434.5660			
	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL SUBD	IVISION			
	<u>FY 2</u> <u>EXPENDITURES</u>	2020-21 <u>REVENUE</u>	<u>FY 2</u> <u>EXPENDITURES</u>	<u>021-22</u> <u>REVENUE</u>			
GENERAL FUND	DS						
CASH FUNDS							
FEDERAL FUND							
OTHER FUNDS							
TOTAL FUNDS							

**Explanation of Estimate:** 

Rehearings Provisions of LB 812 (sections 2 and 3):

Assuming TERC remands cases at the same rate as the appellate courts, we would expect 20 cases to be reheard per year. On average, counties spend \$425 to \$450 hours on a TERC case. NACO therefore projects a statewide cost of \$\$8,500 to \$9,000 per year for counties.

Acceptable Range portion of LB 812 (section 4):

21 counties had a residential level of value of either 93 or 94; four counties had commercial values at either 93 or 94. NACO estimates that half that number would go to TERC for a show cause hearing. Those who generally prepare for and attend the show cause hearings on behalf of the county include the county assessor, appraiser, county attorney and/or board member(s), who would spend 6.5 hours (by a small and medium-sized county), on average, of the potential county officials' time. On average, this would cost a typical county between \$425 and \$450 per case, excluding travel time or appraiser's time. NACO therefore projects a statewide cost of \$5,312.50 - \$5,625 per year.

BREAKI	DOWN BY MA.	JOR OBJECTS O	F EXPENDITURE	
Personal Services:				
		F POSITIONS	2020-21	2021-22
POSITION TITLE	<u>20-21</u>	<u>21-22</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>
Benefits				
Operating				
Travel			<u></u>	
Capital outlay				
Aid				
Capital improvements				
TOTAL				