

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	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 1012 amends provisions related to exempt real or tangible personal property owned by organizations or societies. The bill changes the application date from July 1 of the year the property is acquired to December 31. The date upon which the county board of equalization review must be completed is changed from August 15 to as soon as practicable after receipt of the application.

This bill is not estimated to have a fiscal impact to the state. The Department of Revenue estimates no impact on General Fund revenue and no cost to implement the bill.

Douglas County and Lancaster County estimate no fiscal impact to the assessor’s office to implement the bill. There could be some impact to political subdivisions if properties that had been taxable are acquired between July 1 and December 31 by a tax exempt entity, but the bill would only impact the valuation of such parcel in the year it is acquired and the overall impact on total taxes levied by political subdivisions would depend on the decision making at the local level in regard to the property tax levy.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1012	AM:	AGENCY/POLT. SUB: Douglas County Assessor	
REVIEWED BY: Joe Wilcox	DATE: 1/24/2020	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Douglas County Assessor estimate of no immediate impact, but potential, Indeterminate fiscal impact to the County in future periods from LB 1012.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1012	AM:	AGENCY/POLT. SUB: Lancaster County Assessor	
REVIEWED BY: Lee Will	DATE: 01/22/2020	PHONE: (402) 471-4175	
COMMENTS: Concur with the Lancaster County Assessor’s assessment of no fiscal impact.			

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

2020

LB⁽¹⁾ 1012

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Goodwillie, Compliance Officer Date Prepared: ⁽⁴⁾ 1/23/2020 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	See below	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: LB 1012 would expand the timeframe for “permissively” exempt entities—charitable, religious, educational, or cemetery organizations to apply for and obtain property tax exemptions for property acquired or converted to exempt use during the calendar year. Currently, there is a statutory deadline for such organizations acquiring property after January 1 to apply for exemption by July 1. This means that property acquired after that date will remain taxable for the year of acquisition and the purchasing organization would be able to apply for exemption beginning the following year. LB 1012 extends the deadline for filing the exemption application to December 31, which means that property acquired between July 1 and December 31 can qualify for exemption for the tax year it was acquired.

Speaking strictly for the Douglas County Assessor/Register of Deeds Office, there is no fiscal impact from LB 1012. There are relatively few properties that fit this category—sold to an exempt entity between July 1 and December 31 and so the additional exemption applications the office receives will be able to be reviewed by existing staff.

That said, there will be a revenue impact on the political subdivisions levying property taxes in Douglas County in terms of property taxes that will not be collected on those properties for the year of acquisition. So, a property acquired by a charity in that July 1 to December 31 time frame and that meets the five-part test for property tax exemption that had a taxable value of \$200,000 and would have generated \$5,000 in property taxes in the year of acquisition will no longer generate those property taxes for that year. In a county the size of Douglas County with a property tax base of \$47 billion, the likelihood of a relative handful of additional properties coming off of the tax rolls is unlikely to cause dire consequences to political subdivisions in the county but there certainly will be less collected in taxes than might have been anticipated by the political subdivisions based on the value certifications done for budget and levy-setting purposes by our office every August.

The tax loss is probably impossible to estimate with any precision. In 2019, there were 10 purchases by permissively exempt entities between July 1 and December 31. All but one were purchases from other organizations of properties that were already exempt. The tenth property had been taxable but was a vacant lot valued at only \$1,100 so the tax loss was negligible. In 2018, there were a dozen of these sales and the total taxable value involved was \$2,987,328. If you apply a generic tax rate of 2.25 percent, the tax loss for these properties becoming exempt would be approximately \$67,215 spread across all the political subdivisions that would have been levying taxes on those properties. The point is, the tax loss to the political subdivisions as a result of the broader exemption that LB 1012 would provide will be extremely difficult to predict and could vary widely from one year to the next.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u> <u>EXPENDITURES</u>	<u>2021-22</u> <u>EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

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

2020

LB⁽¹⁾ 1012

FISCAL NOTE

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

Prepared by: ⁽³⁾ Scott Gaines Date Prepared: ⁽⁴⁾ 1/16/2020 Phone: ⁽⁵⁾ 402-441-6580

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No Fiscal impact to Lancaster County Assessor's Office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____