LB 466

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)									
	FY 202	1-22	FY 2022-23						
	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 466 seeks to require the proration of property taxes due on the sale of real property in the year it is sold. The proration is to be calculated based on the number of days the buyer and seller owned the property in the relevant year.

LB 466 would become operative 3 months after adjournment.

The Department of Revenue expects no fiscal impact to the General Fund or to the Department as a result of LB 466. There is no basis to disagree with this estimate.

The impact to counties is likely to be significant. The Lancaster County Assessor's Office expects the need for two completely new positions, as tax billing is currently not a role fulfilled by the Assessor's Office. The Nebraska Association of County Officials (NACO) concurs. NACO estimates all county assessor's offices will require additional staffing, software, or some combination of the two to implement LB 466. There is no basis to disagree with these estimates.

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

LB: 466	AM:	AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY:	Lee Will	DATE: 02/08/2021	PHONE: (402) 471-4175				
COMMENTS: Cor	COMMENTS: Concur with the Department of Revenue's assessment of no fiscal impact to the State.						

ADMINIS	STRATIVE SEF	RVICES STATE BUDGET DIVISION: REVI	EW OF AGENCY & POLT. SUB. RESPONSE						
LB: 466	AM:	AGENCY/POLT. SUB: Lanc	aster County Assessor						
REVIEWED BY:	Lee Will	DATE: 02/08/2021	PHONE: (402) 471-4175						
	COMMENTS: No basis to disagree with the need for additional resources within the Lancaster County Assessor's Office to accommodate an estimated 12,000 deeds processed per year within Lancaster County.								
ADMINIS	STRATIVE SEF	RVICES STATE BUDGET DIVISION: REVI	EW OF AGENCY & POLT. SUB. RESPONSE						

LB: 466	AM:	AGENCY/POLT. SUB: Nebraska Association	n of County Officials (NACO)					
REVIEWED BY:	Lee Will	DATE: 02/08/2021	PHONE: (402) 471-4175					
COMMENTS: No basis to disagree with NACO's assessment of unknown fiscal impact to implement the bill.								

Fiscal Note 2021

	State Agency	Estimate			
				Date Due LFO:	
	Date Prepared:	2/8/2021		Phone: 471-5896	
FY 2021-2	2022	FY 202	2-2023	FY 202	3-2024
tures	Revenue	Expenditures	Revenue	Expenditures	Revenue
	\$ 0		\$ 0		\$ 0
	\$ 0		\$ 0		\$ 0
	-	Date Prepared: FY 2021-2022 tures Revenue \$ 0	FY 2021-2022 FY 202 tures Revenue Expenditures \$ 0	Date Prepared: 2/8/2021 FY 2021-2022 FY 2022-2023 Expenditures Revenue \$0 \$0	Date Due LFO: Date Prepared: 2/8/2021 Phone: 471-5896 FY 2021-2022 FY 2022-2023 FY 202 Expenditures Revenue Expenditures \$0 \$0 \$0

State A compary Estimate

LB 466 requires the county assessor, when a property is sold within the county, to prorate the real property taxes on property for the year in which the sale occurs based on the proportion of the year the buyer and seller owned the property, unless the buyer and seller have agreed to a different proration of such property taxes.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be minimal costs to the Department to implement this bill.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure									
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 <u>Expenditures</u>	22-23 <u>Expenditures</u>	23-24 <u>Expenditures</u>		
Benefits	Benefits								
Operating Costs	Operating Costs								
	Travel								
Capital Outlay	Capital Outlay								
Capital Improveme	nts								
	Total								

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

LB ⁽¹⁾ 466						FISCAL NOTE		
State Agency OR F	Political S	ubdivision Name: (2)	Lancaster County Assessor/ROD					
Prepared by: ⁽³⁾	Scott C	Gaines	Date Prepared: ⁽⁴⁾	1/21/21	Phone: (5)	402-441-6580		
	E	<u>STIMATE PROVID</u>	<u>ED BY STATE AGENC</u>	<u>CY OR POLITICA</u>	AL SUBDIVISIC	<u>DN</u>		
FY		2021-22		FY 2022	-23			
		EXPENDITURES	<u>REVENUE</u>	EXPEND	ITURES	REVENUE		
GENERAL FUN	DS	\$167,000		\$138	,600			
CASH FUNDS								
FEDERAL FUNI	DS							
OTHER FUNDS								
TOTAL FUNDS		\$167,000		\$138	,600			

Explanation of Estimate:

This legislation will create a completely new role for the Assessor's Office, as we are not currently involved in the tax billing process. This bill, as written, creates a number of questions regarding exactly how the proration process would be implemented, the tax rates to be applied, the billing process, delinquency issues, and the effect on liens, etc.

This bill will require the addition of two employees and the associated costs for benefits, office furniture, computers, supplies, etc. There will also be a one-time cost for significant programming changes to the Assessor and/or Treasurer computer software systems.

It should be noted that this fiscal estimate assumes a very limited role for the Assessor's Office in this new method of assigning tax liability. Should the Assessor's role be determined to be much more in depth, additional expenditures would be required.

Personal Services:	<u>UWNBI MA</u>	IUN UBJECTS U	<u>F EXPENDITURE</u>	
POSITION TITLE	NUMBER OF <u>21-22</u>	F POSITIONS <u>22-23</u>	2021-22 <u>EXPENDITURES</u>	2022-23 <u>EXPENDITURE</u>
Land Records Technician I	2	2	82,000	86,100
Benefits			50,000	52,500
Operating			20,000	
Travel Capital outlay			15,000	
Aid				
Capital improvements				
TOTAL			167,000	138,600

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

LB ⁽¹⁾ 466				FISCAL NOTE			
State Agency OR P	olitical Subdivision Name: ⁽²⁾	Nebraska Association of County Officials (NACO)					
Prepared by: (3)	Elaine Menzel	Date Prepared: ⁽⁴⁾	1/20/2021 Phone: ⁽⁵⁾	402.434.5660			
	ESTIMATE PROVID	DED BY STATE AGENO	Y OR POLITICAL SUBDIVISIO	DN			
	<u>FY -</u> EXPENDITURES	<u>2021-22</u> <u>REVENUE</u>	<u>FY 2022</u> EXPENDITURES	<u>-23</u> <u>REVENUE</u>			
GENERAL FUNI	DS						
CASH FUNDS							
FEDERAL FUNE	DS						
OTHER FUNDS							
TOTAL FUNDS							

Explanation of Estimate:

LB 466 would require that whenever real property is sold, the county assessor of the county in which the real property is located would prorate the property taxes due on such real property for the year in which the sale occurred based on the number of days the buyer and seller owned the property during such year, unless the buyer and seller have agreed to a different proration of such property taxes.

Currently, the outlined requirements are typically handled through the closing documents signed by the buyer and seller. For the county assessor to make such a determination, the workload of assessors/assessors' staff would be increased and new software would be required. Further, the accounting for receipt of taxes paid would have to be coordinated with the county treasurer.

The costs would be difficult to quantify, as each county would likely have to determine their most efficient method to comply with this requirement.

	NUMBER OF	POSITIONS	2021-22	2022-23
POSITION TITLE	<u>21-22</u>	22-23	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Fravel				
Capital outlay				
Aid				
Capital improvements				