

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$138,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$138,000,000	

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

LB 860 amends provisions related to the assessment of real property. LB 860 would change the valuation of real property, other than agricultural and horticultural land, to be 90% of the actual value, rather than actual value as it is under current law. The acceptable range such real property would be amended to 82-90%. For the purposes of calculating state aid to school districts, this real property would be valued at 86% of the actual value.

The changes made by LB 860 would go into effect beginning in tax year 2023.

A 10% reduction in the valuation of real property, other than agricultural and horticultural property, will have a significant impact on the valuation base and reduce the amount of revenue able to be generated by levying property taxes for all political subdivisions with levying authority. For school districts, such a reduction will impact the state aid calculated under TEEOSA, which would increase General Fund expenditures. We estimate the increase in TEEOSA aid to be \$138 million in FY 23-24 and \$145 million in FY 24-25.

The Department of Revenue estimates there will be no impact to General Fund revenue and no cost to implement.

The Nebraska Association of County Officials submitted a response, but did not include an estimate of fiscal impact. We estimate there will be minimal administrative costs for county assessors to implement the bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 860	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)	
REVIEWED BY: Neil Sullivan	DATE: 1/19/2022	PHONE: (402) 471-4179	
COMMENTS: Insufficient information to concur or dispute with the NACO assessment of fiscal impact of LB 860.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 860	AM:	AGENCY/POLT. SUB: Douglas County Assessor	
REVIEWED BY: Neil Sullivan	DATE: 1/14/2022	PHONE: (402) 471-4179	
COMMENTS: The assessment of minimal fiscal impact to the Douglas County Assessor from LB 860 appears reasonable.			

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

LB: 860 AM: AGENCY/POLT. SUB: Lancaster County Assessor

REVIEWED BY: Neil Sullivan DATE: 1/13/2022 PHONE: (402) 471-4179

COMMENTS: The assessment of minimal fiscal impact to the Lancaster County Assessor from LB 860 appears reasonable.

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

2022

LB⁽¹⁾ 860

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/11/2022 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

LB 860 would lower the valuation of residential and commercial real property from 100% of actual value to 90% of actual value. The Tax Equalization and Review Commission, as part of its annual equalization meeting, would use an acceptable range of 82 to 90 percent for residential and commercial real property.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</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.

2022

LB⁽¹⁾ 860

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Goodwillie

Date Prepared: ⁽⁴⁾ 1/13/2021

Phone:
(5)(402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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: LB would change the standard for the assessment of nonagricultural property. Currently, state law requires that all locally assessed real property other than agricultural land be assessed at its “actual value” which means the most probably price that the property would sell for when exposed to the market. LB 860 would reduce that standard to ninety percent of its actual value, beginning in 2023. Additionally, for statewide equalization purposes, counties would be measured against level of value standard of between 82-90 percent of market value.

This is a bill that would have little effect on our office. We would continue to appraise property to determine its actual value—taking all the steps we already take such as inspections and photos-- and then make an adjustment to get value to its new standard. However, on its face the bill suggests that taxable value for nonagricultural real property would be reduced by ten percent. If that happens, it will reduce the property values within the political subdivisions that levy property taxes, in turn putting pressure on levy rates. (If a political subdivision wants to generate a similar amount of property tax revenue as in the prior year but has less value available to tax, it can simply increase the levy rate.) Because of the potential loss of property value, there might be an impact on the potential revenue for political subdivisions and our office would encourage you to reach out to them on LB 860.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</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.

2022

LB⁽¹⁾ 860

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/ROD

Prepared by: ⁽³⁾ Scott Gaines Date Prepared: ⁽⁴⁾ 1/12/22 Phone: ⁽⁵⁾ 402-441-6580

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

LB 860 would have a nominal fiscal impact (for minor software changes) to the Lancaster County Assessor's Office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____