

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|---------|-------------------|---------|
| | FY 2024-25 | | FY 2025-26 | |
| | 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 949 would make changes so that a county assessor would need to annually conduct a systematic inspection and review of all of the taxable real property parcels in the county. Under current law, assessors are to review and inspect all real property parcels in the county once every six years. The bill also would add that inspection of real property would not require a physical inspection and could be completed remotely via the internet or other electronic means.

The Department of Revenue (DOR) estimates that the bill would have no impact on General Fund revenues and there would be no cost to it to implement the bill.

Counties are estimated to see significant increases in costs to meet the requirements of the bill.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|--|-----------------|---|--|
| LB: 949 | AM: | AGENCY/POLT. SUB: National Association of County Officials (NACO) | |
| REVIEWED BY: Ryan Walton | DATE: 1/23/2024 | PHONE: (402) 471-4174 | |
| COMMENTS: The NACO assessment of fiscal impact from LB 949 appears reasonable. | | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|--|-----------------|---|--|
| LB: 949 | AM: | AGENCY/POLT. SUB: Department of Revenue | |
| REVIEWED BY: Ryan Walton | DATE: 1/24/2024 | PHONE: (402) 471-4174 | |
| COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 949 appears reasonable. | | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|--|-----------------|---|--|
| LB: 949 | AM: | AGENCY/POLT. SUB: Douglas County Assessor/Register of Deeds | |
| REVIEWED BY: Ryan Walton | DATE: 1/23/2024 | PHONE: (402) 471-4174 | |
| COMMENTS: The Douglas County Assessor/Register of Deed's assessment of fiscal impact from LB 949 appears reasonable. | | | |

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

LB: 949 AM: AGENCY/POLT. SUB: Lancaster County Assessor/Register of Deeds

REVIEWED BY: Ryan Walton DATE: 1/25/2024 PHONE: (402) 471-4174

COMMENTS: The Lancaster County Assessor/Register of Deeds assessment of fiscal impact from LB 949 appears reasonable.

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

2024

LB⁽¹⁾ 949--REVISED

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/22/2024 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>\$2,053,376</u> | <u>0</u> | <u>\$2,114,977</u> | <u>0</u> |

Explanation of Estimate: LB 949 would change the terms of the process for required inspections of property by a county assessor. Currently, Neb. Rev. Stat. Section 77-1311.03 requires a county assessor to inspect every parcel of real property once every six years. The Nebraska Department of Revenue, in its regulations, defines inspection as requiring a physical visit. LB 949 would enable an assessor to use the internet or other electronic means to complete inspections but also removes the six-year inspection cycle and requires an inspection every year.

LB 949 as written eliminates the six-year inspection cycle and requires an inspection annually. This would add huge costs for administration. The math is daunting. Douglas County has approximately 210,000 taxable real estate parcels. There are 260 working days in a year. That works out to more than 800 inspections in a day. Even with being able to use the internet or electronic means to help with inspections, there will be instances where physical inspection is required—following up on building permits and getting an accurate understanding of the condition of the improvements on a property are two such scenarios. Our estimate of added costs to do 210,000 inspections per year is forty (40) additional staffers at \$51,334 per year. The total additional expenditure would exceed \$2 million.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Real Estate Lister | 40 | 40 | \$2,053,376 | \$2,114,977 |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |

TOTAL.....

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

2024

LB⁽¹⁾ 949

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ 01/24/24 Phone: ⁽⁵⁾ 402-441-7463

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</u> | |
|---------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>\$10,050,000</u> | <u> </u> | <u>\$10,351,0000</u> | <u> </u> |
| CASH FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| FEDERAL FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| OTHER FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL FUNDS | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Explanation of Estimate: Our current appraisal team wages are \$2,010,000. They inspect one sixth of the property in Lancaster County each year. Accomplishing an annual inspection would require the addition of five more appraisal teams. Please note that this estimate does not include additional administrative and support staff expenses that would be necessary. It also does not include costs for additional office space, computers and other equipment as well as additional vehicles. The above estimate is for appraisal staff only.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Operating..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Travel..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital outlay..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Aid..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital improvements..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL..... | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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

2024

LB⁽¹⁾ 949

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/11/2024 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2024-25</u> | | <u>FY 2025-26</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 949 would increase requirements relating to inspection of real property by the county assessor by requiring inspection of over 1.1 million real property records annually rather than at least one time every six years. Review costs for inspection would be around \$30 per parcel for street level review or approximately a \$33 million annual cost to counties.

Assuming counties currently do annual reviews of 1/6 of the parcels, there would be an increase of 600% over current appraisal budgets. The savings that could be realized by using virtual inspections of property would reduce the cost, but not by a significant amount.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2024-25</u> | <u>2025-26</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>24-25</u> | <u>25-26</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

