

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,040,000		\$1,000,000	
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,040,000	See Below	\$1,000,000	See Below

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 553 would change the residential real property valuation protest procedures for counties with a population of more than 100,000 inhabitants. At this time, this would apply to Douglas, Lancaster and Sarpy counties.

The bill would require the Department of Revenue to establish an online, electronic filing procedure for residential property valuation protests. The protest would be filed electronically with either the county clerk or county assessor in the appropriate county. In addition, the county assessor's office is to provide computer access and assistance for the filing of protests. The county assessor is also required to provide information to the protester, in either paper or electronic form, on the method of how the property was valued, a detailed description of the property, and a list of comparable properties used in a comparable sales analysis.

The bill also provides that the Department of Revenue assign each protest to a credentialed real property appraiser who is employed by the Department for review. Said appraiser is to prepare a report for each protest which will include information describing the property protested, recommendations of the county assessor, the date the property was reviewed by the appraiser, the decision made by the real property appraiser, date the report was mailed to the protester, and other information. The report shall also include a signed statement by the appraiser describing the basis upon which the decision was made.

The report is also required to include a statement that a copy of the report may be used to complete an appeal to the Tax Equalization and Review Commission. The bill provides for a filing fee for such an appeal to the Tax Equalization and Review Commission of \$100.

The Department of Revenue estimates there are approximately 325,000 taxable residential parcels of real property in Douglas, Lancaster, and Sarpy counties. Historically, the number of protests varies from one to ten percent depending on whether there has been a recent reappraisal of the county. A four percent estimate per year (13,000) was used by the Department to determine the cost to the Department for conducting and reviewing the protested parcels. Currently, referees that conduct the hearings are paid approximately \$80 per parcel or protest. It is estimated that the increase in expenditures for the Department during the two-month period of filing and hearing protests would be in excess of \$1 million annually. There would also be a one-time programming cost of \$40,000.

The Tax Equalization and Review Commission data indicates there were a total of 943 residential appeals from Douglas, Lancaster and Sarpy counties in 2007 filed with the Commission. Based on historical data from the Commission and assuming that the number of residential appeals will remain relatively constant, the potential revenue from the increase in the filing fee to the Commission's Cash Fund would be approximately \$94,000 per fiscal year. However, the Commission believes the increase in the filing fee for residential property in these three counties, which account for approximately 94% of all residential appeals statewide, will result in fewer appeals to the Commission and therefore, a decrease in revenue. The Commission is unable to estimate how much of a decrease may occur as a result of this filing fee.

There is no basis to disagree with either the Department of Revenue's or the Tax Equalization and Review Commission's estimate of fiscal impact.

IMPACT TO POLITICAL SUBDIVISIONS:

Lancaster County indicates that their budget would be reduced by the implementation of LB 553 but does not provide specific information on the amount of any reduction.

There would be some impact to the county assessor's office in each of the affected counties to provide equipment and staff assistance as required by the bill, but that impact is indeterminate.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/25/09	PHONE	471-2526
COMMENTS					
TAX EQUALIZATION AND REVIEW COMMISSION: It is expected that the bill would affect revenue received. However, the amount is indeterminate.					
LANCASTER COUNTY: No basis upon which to disagree.					