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 DATE PREPARED: March 20, 2009
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LB 474

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$43,745		\$43,745	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$43,745		\$43,745	

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

LB 474 would require that any property of the state of Nebraska or its political subdivisions that is leased to a private party not be exempt from property taxes, unless the property is being used by the lessee for a public purpose. If the property is being used for a public purpose it is exempt from property taxes.

The Department of Administrative Services – State Building Division indicates that at this time the only state property leased by the Division to a private entity for a non-public purpose is the leasing of three sites of agricultural property totaling 750 acres through the Vacant Building and Excess Land statutory provisions. If property taxes were payable on these three properties, the estimate is that the Building Division would owe approximately \$43,745. The basis of the estimates is proposed 2009 valuations from Lancaster County and a private land assessment in Adams County. Estimated taxes are based upon the 2008 tax rate from each county.

DAS – State Building Division also assumes that if a state-owned building has a private tenant but also has state tenants, the building wouldn't be split as exempt and non-exempt for property tax purposes. If this assumption is wrong and there would be an apportionment for property tax purposes, the amount of property taxes owed by the State Building Division would increase from the amount noted above. The Division is unable to calculate the amount of taxes that might be owed. They assume the entire state property would have to be assessed and then a calculation would be needed to apportion the taxable and non-taxable amounts. LB 474 is unclear as to whether this type of partitioning is necessary or if the entire building is exempt.

There is no basis to disagree with the Department of Administrative Services – State Building Division's estimate of fiscal impact.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials indicates there is no discernible fiscal impact to counties associated with LB 474. However, based on the information from DAS – State Building Division, Lancaster County and Adams County would see a small increase in revenue.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	3/24/09	PHONE	471-2526
COMMENTS					
DEPT. OF REVENUE – Concur. No fiscal impact.					
DEPT. OF ADMINISTRATIVE SERVICES – The bill appears to be clarifying the exemption of state and governmental subdivision property leased to a private party used for a public purpose from property taxes.					
COUNTIES – No basis upon which to disagree.					