

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised due to adoption of amendments on General File

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	(\$64,515)		(\$94,354)	
CASH FUNDS	\$10,000	\$10,000	\$15,000	\$15,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$54,515)	\$10,000	(\$79,354)	\$15,000

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

LB 384, as amended by AM944 extensively rewrites the original bill and amends a number of sections of Nebraska Revised Statutes dealing with the Tax Equalization and Review Commission (TERC). AM944 incorporates substantial portions of LB 363, LB 405, and LB 457.

Section 77-123 regarding the definition of omitted property is amended to provide that for counties with a population of at least 150,000 inhabitants the date for what is regarded as omitted property is now property that is not assessed by March 25. For the rest of the state the date continues to be March 19. (LB457).

Section 77-202.04 and Section 77-202.12 are amended to provide that the Tax Commissioner or Property Tax Administrator may intervene in any appeal pursuant to those sections but such appeal must be done within 30 days after notice that an appeal has been filed. (LB 363).

Section 77-1301 is amended to provide beginning January 1, 2013 in counties with a population of at least 150,000, the county assessor shall provide notice of preliminary valuations on or before January 15 of each year and the assessment of real property shall be completed on or before March 25 each year. The dates for all other counties remains January 1 and March 19 respectively. (LB 457).

Section 77-1303 is amended to provide beginning January 1, 2013, in counties with a population of at least 150,000 the county assessor shall make up the assessment roll on or before March 25 each year. For all other counties the date remains March 19. (LB 457).

Section 77-1311 is amended to provide that beginning January 1, 2013 in counties with a population of at least 150,000 real property owners shall have the opportunity to meet in person with the county assessor or their representative regarding the property valuation contained in the notice of preliminary valuation. (LB 457).

Section 77-1311.03 is amended to provide beginning January 1, 2013 in counties with a population of at least 150,000 that inspection and review of real property for purposes of uniform valuation shall be conducted on or before March 25 of each year. For all other counties the date remains March 19. (LB 457).

Sections 77-1315 and 77-1315.01 are amended to provide that beginning January 1, 2013 in counties with a population of at least 150,000 that the county assessor shall implement adjustments to the real property assessment rolls for action of the TERC after March 25 and on or before June 1 and the report for overvaluation or undervaluation shall be made after March 25 and on or before July 25, or before August 10 in counties that have adopted a resolution to extend the deadline. (LB 457).

Section 77-1317 is amended to refer to the date in Section 77-123 and Section 77-1318 is amended to change a date reference for counties with a population over 150,000. (LB 457).

Section 77-1502 is amended to provide that beginning January 1, 2013 in counties with a population of at least 150,000 for a protest regarding real property the protester is to be afforded the opportunity to meet with the county board of equalization or a referee to provide relevant information and strikes language referring to the use of the board's report on the decision being used to complete an appeal to the TERC. (LB 457 & LB 363).

Section 77-1504.01 is amended to allow the TERC to conduct a hearing by telephone conference on a petition by a county board of equalization regarding a petition for adjustment of property to the TERC. (LB 363).

Section 77-1507 is amended to require the county board of equalization to issue its decision on a protest within 30 days after the filing of the protest. It also changes the date beginning January 1, 2013, for the addition of improvements to real property by the county assessor in counties with a population of at least 150,000 that were not added by March 25 shall only be added by the county board from June 1 through July 25. (LB 363 & LB 457).

Section 77-5003 is amended to provide that on the operative date of this section the term of each commissioner shall expire and thereafter the TERC shall have three commissioners, one from each congressional district. It also sets the terms of each commissioner and provides that the Governor shall set the salaries of the commissioners. It strikes language requiring the Governor to designate the TERC chairperson and the requirement that the chairperson be an attorney. (LB 384). The operative date of this section is October 1, 2011.

Section 77-5005 is amended to harmonize language regarding single commissioner hearings, orders, inquiries, and investigations. (LB 384 & LB 405).

Section 77-5015 is amended by striking language referring to the consolidation of appeals regarding valuation or exemption of multiple parcels involving the same owner and the same issues.

New language in LB 384 as amended, details the procedure and requirements for the TERC to conduct single commissioner hearings; provides that the taxable value of a parcel for a single commissioner hearing may not exceed \$1 million; that no record is made of a hearing conducted by a single commissioner; that a party to a proceeding before a single commissioner may request a rehearing before the entire TERC; and that an order by a single commissioner may not be appealed to the Court of Appeals. The operative date of this portion of LB 384 is October 1, 2011. (LB 405).

Section 77-5027 is amended to change a date, beginning January 1, 2013, for counties with a population of at least 150,000 that the Property Tax Administrator's reports to the TERC and each county assessor shall be prepared and delivered on or before 15 days following such final filing due date.

FISCAL IMPACT:

Regarding the portions of the bill allowing the in-person meetings, the Department of Revenue estimates the cost to implement as \$20,000 for both FY2011-12 and FY2012-13. Because the Department handles the assessment function for 7 counties, the Department will incur the cost of the in-person meetings. However, the cost is mitigated somewhat because those counties are required to reimburse the Department for their expenses as required by LB 121, passed in 2009. For FY2011-12 the expenditure will be \$10,000 from the General Fund and \$10,000 from the Department of Revenue Property Assessment Division Cash Fund. For FY2012-13 the expenditure will be \$5,000 from the General Fund and \$15,000 from the Department of Revenue Property Assessment Division Cash Fund.

There is no basis to disagree with the Department of Revenue's estimate of cost regarding this portion of LB 384 as amended.

The portion of LB 384 as amended dealing with single commissioner hearings and the requirements for such is estimated by the TERC as having no fiscal impact.

There is no basis to disagree with the Tax Equalization and Review Commission's estimate of fiscal impact regarding this portion of LB 384 as amended.

Regarding the fiscal impact of reducing the number of TERC commissioners from four to three: because the bill specifies that the terms of all current commissioners terminate on October 1, 2011 and then the Governor is to appoint three new commissioners we are making the assumption that the Governor will re-appoint three of the four current commissioners. Given that assumption, however, we cannot identify which of the current commissioners will not be re-appointed and, therefore, which salary level will be affected. The base salary of two commissioners is \$105,041 and the base salary of the other two commissioners is \$86,282. We have decided to take a conservative approach to the potential salary savings and have calculated the fiscal impact based on the elimination of one base salary at \$86,282. Therefore, the fiscal impact to the General Fund is as follows, this includes base salary, FICA, and retirement:

FY2011-12:	\$74,515
FY2012-13:	\$99,354

It should also be noted that this saving for FY 2011-12 could be reduced by the amount of vacation and sick leave that would need to be paid out to the departing commissioner.