

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	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 398 amends Nebraska Revised Statutes Section 77-202 to exempt all tangible personal property from property tax beginning January 1, 2017.

Section 77-105 defines tangible personal property as all personal property possessing a physical existence, excluding money. The term tangible personal property also includes trade fixtures, which means machinery and equipment, regardless of the degree of attachment to real property, used directly in commercial, manufacturing, or processing activities conducted on real property, regardless of whether the real property is owned or leased, and all depreciable tangible personal property described in subsection (9) of Section 77-202 used in the generation of electricity using wind as the fuel source. The term intangible personal property includes all other personal property, including money.

There is no fiscal impact to the General Fund as a result of LB 398.

The Department of Revenue indicates the cost to implement LB 398 will be minimal.

We agree with the Department of Revenue's estimate of cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials estimates a statewide reduction in tax revenue of \$217,700,000.

We have no basis to disagree with the Association's estimate of fiscal impact.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 398	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 3/3/2015	PHONE: 471-4181
COMMENTS: Concur. No fiscal impact on the Department of Revenue.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 398	AM:	AGENCY/POLT. SUB: NE. Assoc. of County Officials (NACO)	
REVIEWED BY: Lyn Heaton		DATE: 3/3/2015	PHONE: 471-4181
COMMENTS: The 2014 actual total statewide personal property value and tax cited by NACO appear to be accurate.			



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

**2015**

**LB<sup>(1)</sup> 398**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Association of County Officials (NACO)

Prepared by: <sup>(3)</sup> Elaine Menzel

Date Prepared: <sup>(4)</sup> 1/20/2015

Phone: <sup>(5)</sup> 402-434-5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

LB 398 would exempt all tangible personal property from property tax. Passage of this legislation would result in the reduction in revenue available to counties. Based on the 2013 & 2014 Comparison of Value & Tax, by Taxing Subdivision & by Property Type, in 2014, the value of personal property in the state was approximately \$13.4 billion and the taxes assessed for personal property were nearly \$217.7 million. Exemption of the taxation of personal property would reduce the revenue base of taxes with such a result being a reduction in services and the ability to provide programs within the counties.