

**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 414 amends Nebraska Revised Statutes Section 44-1095 to provide that the property of a society organized or licensed under Sections 44-1072 to 44-10,109 is exempt from property tax.

Section 44-1072 defines fraternal benefit society as any incorporated society, order, or supreme lodge, without capital stock, including one exempted under subdivision (1)(b) of Section 44-10,109 whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which provides benefits in accordance with Sections 44-1072 to 44-10,109, is hereby declared to be fraternal benefit society.

The bill has an operative date of January 1, 2016.

There is no fiscal impact to the General Fund as a result of LB 414.

The Department of Revenue indicates no cost to the Department to implement LB 414.

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

NOTE: Under current law, property owned by a charitable organization is exempt from property tax if the property is owned and used exclusively for charitable purposes.

**IMPACT TO LOCAL POLITICAL SUBDIVISIONS:**

The City of Omaha estimates a loss to the city's general fund of \$309,098 each year.

The Nebraska Assoc. of County Officials indicates an indeterminate loss of revenue to counties where these organizations are located.

We have no basis to disagree with the City of Omaha or the Nebraska Association of County Officials.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 414	AM:	AGENCY/POLT. SUB: City of Omaha.	
REVIEWED BY: Lyn Heaton		DATE: 3/3/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the City of Omaha estimate.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 414	AM:	AGENCY/POLT. SUB: NE. Assoc. of County Officials (NACO)	
REVIEWED BY: Lyn Heaton		DATE: 3/3/2015	PHONE: 471-4181
COMMENTS: It is reasonable to assume a tax exemption for fraternal benefit societies will result in a loss of tax revenue for counties and other local governments. However, no specific impact was cited by NACO.			



Capital Outlay.....		
Aid.....		
Capital Improvements.....		
<b>Total.....</b>		

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

**2015**

**LB<sup>(1)</sup> 414**

**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 414 would exempt real estate taxes and office equipment taxes from taxes for fraternal benefit societies. The impact of this legislation is unknown, but an expansion of exemptions would in turn result in a loss to the tax base causing a shift in taxes.

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

**2015**

**LB<sup>(1)</sup> 414**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Sheri Larsen Date Prepared: <sup>(4)</sup> 01/22/2015 Phone: <sup>(5)</sup> 402-444-5477

**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:**

Under LB 414, there are several business in Omaha that would qualify for this exemption. Based on stable property tax values over the past five years the city estimates a lost to their General Fund:

	Fiscal Year 2016	Fiscal Year 2017
General Fund Revenue	\$(309,098)	\$(309,098)

**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.....	_____	_____	_____	_____