

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0		\$8,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0		\$8,000,000	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 958 amends a number of sections of Nebraska statutes dealing with real property valuation, budget limits and levy limits.

Section 77-201 is amended to provide, for tax year 2016 and thereafter, that if the aggregate statewide taxable value of agricultural and horticultural land exceeds the previous year's taxable value by 3% or more, the assessed values of such land will be reduced uniformly and proportionately by a uniform adjustment factor until the current year's aggregate taxable value equals 103% of the prior year's aggregate taxable value. The adjustment factor shall be determined by the Tax Equalization and Review Commission (TERC) based on information provided by the Property Tax Administrator prior to May 20 of each year.

Section 77-3442 is amended to remove certain exclusions from levy limits; Section 77-3444 is amended to remove the ability of political subdivisions to approve levies in excess of their limit at a meeting that has more than 10% of the registered voters attending such meeting; Section 77-5023 is amended to require that the uniform adjustment factor be determined by TERC during statewide equalization proceedings; and Section 79-1016 is amended to adjust, for state aid purposes, the values of agricultural and horticultural land and agricultural and horticultural land receiving special valuation.

Section 13-519 is amended to remove the ability for a governmental unit to exceed the allowable budget growth percentage at a meeting of the residents of the unit where, at that same meeting a vote to exceed the limits or final levy allocations as provided in Section 77-3444.

Section 13-520 is amended to remove exceptions to the limitations on restricted funds budgeted for a) capital improvements; b) qualified sinking funds for acquisition or replacement of tangible personal property; and c) support of a service subject to an existing agreement or by an independent joint entity or joint public agency.

Section 13-521 is amended to specify how unused restricted fund authority may be carried forward, for fiscal years beginning after July 1, 2017. The total amount that may be carried forward may not exceed 3% of the budgeted restricted funds for the governmental unit for such fiscal year.

The bill contains the emergency clause.

The Department of Revenue indicates the cost to implement the provisions of LB 958 will be minimal.

We agree with the Department's estimate of cost.

The Tax Equalization and Review Commission indicates the cost to implement the provisions of LB 958 will be minimal but may result in more appeals being filed which would increase revenue to their Cash Fund.

We agree with the Commission's estimate of cost.

The Legislative Fiscal Office estimates the following expenditure of General Funds for TEEOSA as a result of LB 958:

FY2016-17:	\$ 0
FY2017-18:	\$ 8,000,000
FY2018-19:	\$ 8,000,000

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials (NACO) indicates that the fiscal impact of LB 958 will vary from county to county across the state depending on existing levy authority remaining and unused budget authority.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 958	AM:	AGENCY/POLT. Nebraska Association of County Officials (NACO)
REVIEWED BY: James Van Bruggen	DATE: 1/26/16	PHONE: 471-4179
COMMENTS: The impact of LB 958 would vary from county to county.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB:958	AM:	AGENCY/POLT. Tax Equalization & Review Commission
REVIEWED BY: James Van Bruggen	DATE: 1/21/16	PHONE: 471-4179
COMMENTS: This bill would likely have no or very minimal impact on the Tax Equalization & Review Commission.		

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 2/2/2016			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared: 2/1/2016					
<u>FY 2016-2017</u>		<u>FY 2017-2018</u>		<u>FY 2018-2019</u>	
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	See below		See below		See below
Cash Funds					
Federal Funds					
Other Funds					
Total Funds	See below		See below		See below

LB 958 amends several sections of law to reduce the statewide aggregate increase in assessed values for agricultural and horticultural lands to no more than 3% per year. The bill also eliminates some exceptions to budget limits and levy limits.

Section 1 amends Neb. Rev. Stat. § 13-519 to remove the ability of political subdivisions other than schools to exceed allowable budget growth after a majority vote at a meeting at which more than 10% of the registered voters residing in the subdivision’s boundaries are present.

Section 2 amends § 13-520 to remove some of the exceptions to limitations on the budgets of restricted funds of political subdivisions other than schools. The exceptions that would be eliminated are restricted funds budgeted: (1) for capital improvements; (2) from a qualified sinking fund for acquisition of tangible personal property with a useful life of 5 years or more; and (3) for support of services which are the subject of an interlocal agreement.

Section 3 amends § 13-521 to provide that unused restricted funds authority that may be carried forward for FY 2016-17 includes: (1) restricted funds budgeted the previous year for the three purposes struck in section 2 which are no longer exceptions to the budget limits. The unused restricted funds authority that may be carried forward for any year after FY 2016-17 may not exceed 3% of the budgeted restricted funds for the governmental subdivision for that fiscal year.

Section 4 amends § 77-201 to provide that if the aggregate statewide valuation of agricultural and horticultural lands exceeds the prior year’s taxable valuation by 3% or more, the assessed values will be reduced by a uniform adjustment factor statewide. The factor will be determined by May 20 each year at the statewide equalization proceedings based upon information provided by the Property Tax Administrator (PTA). An identical provision applies to agricultural and horticultural land receiving special valuation.

Section 5 amends § 77-1315 to require the change of valuation notice to display the valuation before and after the uniform adjustment factor required by Section 4.

Section 6 amends § 77-3442 to remove the following exclusions from the levy limits imposed by that section: (1) judgments against a political subdivision; and (2) pre-existing lease-purchase contracts approved prior to July 1, 1998. Bonds issued after July 1, 2016 would be required to be approved by a majority of the voters at a general, special, or primary election to be excluded from the levy limits.

Section 7 amends § 77-3444 to remove the ability of political subdivisions to approve levies in excess of their statutory limits by calling a meeting of more than 10% of the voters residing in the subdivision. A majority of such residents may vote to exceed the levy limit.

Section 8 amends § 77-5023 to require that the uniform adjustment factor required by Section 4 be determined during the statewide equalization proceedings.

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

2016

LB⁽¹⁾ 958

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Tax Equalization & Review Commission

Prepared by: ⁽³⁾ Nancy Salmon

Date Prepared: ⁽⁴⁾ 1/19/2016

Phone: ⁽⁵⁾ 402 471-7723

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</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:

Minimal fiscal impact. May result in more appeals being filed, but we cannot predict or quantify the outcome.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17 EXPENDITURES</u>	<u>2017-18 EXPENDITURES</u>
	<u>16-17</u>	<u>17-18</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2016

LB⁽¹⁾ 958

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/125/2016

Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</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:

The fiscal impact of LB 958 would vary from county to county across the state depending upon its existing levy authority remaining and its unused budget authority.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____