

Revised to correct an omission

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	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 512 amends revenue and tax provisions regarding administration of tax programs. The bill:

- Outright repeals section 66-738 to eliminate the Motor Fuel Tax Enforcement and Collection Division, changes references to the Division within the motor fuel statutes to the Department of Revenue, and harmonizes provisions;
- Requires the list of real property exemptions from each county to be sent electronically to the Property Tax Administrator on or before November 1 of each year;
- Specifies that contingency fee contracts for collection of delinquent taxes are not subject to the requirements of sections 77-203 or 77-204 for contracts in excess of \$25,000;
- Eliminates requirements that the Property Tax Administrator adopt and promulgate rules and regulations;
- Eliminates an annual certification requirement from the Tax Commissioner to the Director of Administrative Services for the personal property tax exemption;
- Provides a process for a property owner to petition the county assessor for reassessment of property value if the property is destroyed or damaged by major calamity prior to July 15, subject to approval by the county board of equalization;
- Clarifies that the personal exemption credit levels for qualifying widows or widowers for tax years beginning on or after January 1, 2018;
- Amends filing requirements for pass-through entities with income from Nebraska sources, for tax years beginning on or after January 1, 2019;
- Provides that a notice of deficiency regarding a pass-through entities is binding on the partners, members, shareholders, or beneficiaries;
- Eliminates the annual certification requirement of 100% disability status to qualify for the homestead exemption for certain claimants;
- Defines prosthetic device for purposes of the homestead exemption for disabled persons;
- Provides for a deadline of June 30 for a complainant to file if an application for a homestead exemption was rejected on the basis of value, which may be extended to July 20 by the county board of equalization;
- Eliminates the requirement to adopt and promulgate rules and regulations regarding the Employment and Investment Growth Act; and
- Eliminates the requirement to adopt and promulgate rules and regulations regarding nameplate capacity tax.

The bill contains the emergency clause. The provisions relating to the personal exemption credit and filing requirements for pass-through entities have specific operative dates.

The Department of Revenue estimates no impact to General Fund revenues and no cost to implement this bill.

The provisions related to reassessment of property tax valuation if property is destroyed could have an impact on property tax revenue to political subdivisions. However, it is not possible to estimate the amount because the number of parcels affected, the concentration of those parcels in any particular taxing district, and the extent of the change in value as calculated by the factors in the bill are all unknown.

The reassessment provisions in LB 512 could also increase the amount necessary to fund state aid pursuant to the Tax Equity and Education Opportunities Support Act formula, increasing General Fund expenditures. It is not possible to determine the amount.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 512 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Lee Will DATE: 1/29/2019 PHONE: (402) 471-4175

COMMENTS: Concur with the Department of Revenue's assessment of no fiscal impact.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 1/28/19			
Approved by: Tony Fulton		Date Prepared: 1/28/19			
		Phone: 471-5896			
<u>FY 2019-2020</u>		<u>FY 2020-2021</u>		<u>FY 2021-2022</u>	
<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$0		\$0		\$0
Cash Funds					
Federal Funds					
Other Funds					
Total Funds	\$0		\$0		\$0

LB 512 allows for better and more efficient in administer the tax programs that are within the responsibility of the Department of Revenue (Department).

Specifically:

Section 1 to 9 and section 30 would repeal Neb. Rev. Stat. § 66-738 and harmonize nine sections within the motor fuels tax statutes to reflect this outright repeal. Neb. Rev. Stat. § 66-738 creates the Motor Fuel Tax Enforcement and Collection Division within the Department. Repeal of the section would allow auditors and collections personnel to work on more than one tax program and create efficiencies within the Department. The harmonizing sections generally strike references to the Motor Fuel Tax Enforcement and Collection Division or replaces it with the Department.

Section 10 would amend Neb. Rev. Stat. § 77-202.03 to require the list of real property exemptions to be submitted to the Department electronically.

Section 11 would amend Neb. Rev. Stat. § 77-377.02 to provide that contingency fee contracts with collection agencies to collect delinquent taxes do not need to meet the requirements of Neb. Rev. Stat. §§ 73-203 or 73-204. These contracts are required by § 77-377.02 to be extended on a contingent fee basis.

Section 12 and 13 would amend two sections in the property assessment statutes that require, rather than permit the Department to adopt and promulgate rules and regulations.

Section 14 would amend the personal property tax exemption/credit section (Neb. Rev. Stat. § 77-1239) to strike unnecessary certifications by the Property Tax Administrator to the Department of Administrative Services.

Section 15 would provide property tax relief to those whose property is damage or destroyed due to natural disaster that occurs after the January 1 assessment date. Property owners who have experienced a loss of or damage to their property due to a major calamity may petition the country assessor by July 15 for a reassessment of the property’s value for that tax year.

Section 16 would amend Neb. Rev. Stat. § 77-2716.01 to clarify how the personal exemption credit established by LB 1090 in 2018 applies with regard to a married, filing separately taxpayers and how the Nebraska standard deduction that was increased by LB 1090 applied to qualifying widows or widowers.

Sections 17 through 19 would amend three statutes that provide the filing requirements for pass-through entities to make the filing requirements identical, and to extend the filing requirement to include any entities with Nebraska-source income, beginning with tax years beginning or deemed to begin on or after January 1, 2019. This would be the same filing requirements as provided in the Internal Revenue Code (IRC).

