Austin Ligenza February 8, 2021 (402)471-0050

Revised to include Douglas County's response.

LB 189

Revision: 01

FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2021-22 FY 2022-23						
	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 189 seeks to change various provisions regarding the protesting and refunding of property taxes. LB 189 removes and amends sections, changing the following procedures:

- Political subdivisions are no longer able to claim hardship to the county treasurer regarding inability to pay a refund;
- A section setting the deadline for refunds at five years from approval is removed;
- Political subdivisions must budget for their refunds in the next budget, with an additional 9% of interest accruing upon approval of refund;
- If agreed upon between the governing body and the person receiving a refund, the amount plus any interest can be applied to any tax levied by the corresponding political subdivision, which becomes due from the person receiving a refund until the claim is satisfied in full.

LB 189 becomes operative three months after adjournment.

The Department of Revenue estimates no fiscal impact to the General Fund or to the Department as a result of LB 189. There is no basis to disagree with this estimate.

The impact to political subdivisions is likely to be minimal. For there to be a significant fiscal impact, many political subdivisions would need to undergo a hardship that disallows them from paying a refund to a person in amounts that would lead to budget constraints. This appears to be unlikely to create a large scale impact, although individual political subdivisions could occasionally see significant impacts.

The Lancaster County Treasurer estimates no fiscal impact from LB 189. There is no basis to disagree with this estimate.

Douglas County expects an overall negative fiscal impact, due to the requirement of paying 9% interest on the delayed refund. Additionally, Douglas County sees potential for a greater negative impact if changes to the TERC appeals process are made. There is no basis to disagree with this estimate.

ADMINIS	STRATIVE SER	VICES STATE BUDGET DIVISION: REVIEW OF AGENCY	& POLT. SUB. RESPONSE			
LB: 189	AM:	AGENCY/POLT. SUB: Department of Revenue	e			
REVIEWED BY:	Lee Will	DATE: 02/08/2021	PHONE: (402) 471-4175			
COMMENTS: Concur with the Department of Revenue's assessment of no fiscal impact to the State.						

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

LB: 189	AM:	AGENCY/POLT. SUB: Lancaster County Treasurer				
REVIEWED BY:	Lee Will	DATE: 01/25/2021	PHONE: (402) 471-4175			
COMMENTS: Concur with the Lancaster County Treasurer's assessment of no fiscal impact.						

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB189 ⁽¹⁾ Ch	FISCAL NOTE					
State Agency OR P	olitical Subdivision Name: ⁽²⁾	DOUGLAS CO	DOUGLAS COUNTY, NEBRASKA			
Prepared by: ⁽³⁾	Marcos San Martin, County Administration	Date Prepared: ⁽⁴⁾	2/9/2021 Phone		402.444.5116	
	ESTIMATE PROVIDE	D BY STATE AGENC	Y OR POLITICAL S	UBDIVISIO	N	
	<u>FY 20</u> EXPENDITURES	<u>21-22</u> REVENUE	EXPENDITU	<u>FY 2022</u> - RES	- <u>23</u> REVENUE	
GENERAL FUNI						
CASH FUNDS						
FEDERAL FUND	DS					
OTHER FUNDS	. <u></u>					
TOTAL FUNDS	<u> </u>	N/A	N/A		N/A	

Explanation of Estimate:

NEGATIVE (DETRIMENTAL) FISCAL IMPACT TO DOUGLAS COUNTY

LB189 creates a new fiscal mandate that counties pay 9% interest on property tax refunds. This will result in a negative fiscal impact to counties. Further, this impact has the potential to become significantly compounded if other legislation is concurrently passed pertaining to TERC (example, LB613, or similar, TERC appeals to be decided in a provided timeframe).

BREAKD	OWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
POSITION TITLE	NUMBER OF <u>21-22</u>	POSITIONS <u>22-23</u>	2021-22 <u>EXPENDITURES</u>	2022-23 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

Fiscal Note 2021

		State Agency	Esumate			
State Agency Name: Department of	Revenue				Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	2/5/2021		Phone: 471-5896	
	FY 202	21-2022 FY 2022-2023 FY 2023-2024				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ O		\$ 0		\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0

Ctata A ann an Eatimata

LB 189 repeals select sections of Neb. Rev. Stat. § 77-1736.06. The bill annuls exceptions for property tax refunds for political subdivisions facing hardship, repeals an end date of five years from the date of the refund order, and clarifies provisions related to accrual of interest on such refunds. If funds are insufficient to pay a refund in full, the county treasurer must register and issue a receipt for the unpaid refund as a claim against the political subdivision. For any refund or claim due, interest will accrue on the unpaid balance at 9% beginning on the date of the final non-appealable order or other action approving the refund.

The governing body of the political subdivision must make provisions in its next budget to pay the remaining refund amount with interest, or if agreed upon, the receipt and interest may be applied to satisfy any tax levied or assessed by that political subdivision which becomes due until the claim is fully satisfied.

The operative date for this bill is three months after adjournment.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department to implement this bill.

Major Objects of Expenditure									
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 <u>Expenditures</u>	22-23 Expenditures	23-24 <u>Expenditures</u>		
Benefits									
Operating Costs									
	Travel								
Capital Outlay									
	Capital Improvements								
Total									

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 189					FISCAL NOTE
State Agency OR Po	olitical Subdivision Name: ⁽²⁾	Lancaster County	Treasurer		
Prepared by: (3)	Kristen Anderson	Date Prepared: ⁽⁴⁾	January 20, 2021	Phone: (5)	402-441-7409
	ESTIMATE PROVID	DED BY STATE AGENC	Y OR POLITICAL	SUBDIVISIO	DN
	<u>FY s</u> EXPENDITURES	2021-22 <u>REVENUE</u>	<u>EXPENDITU</u>	<u>FY 2022-</u> J <u>RES</u>	<u>-23</u> <u>REVENUE</u>
GENERAL FUND CASH FUNDS FEDERAL FUND					
OTHER FUNDS TOTAL FUNDS					
Explanation of Es	timate:				
No fiscal impact					

BREAKD	OWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS <u>21-22</u> <u>22-23</u>		2021-22 <u>EXPENDITURES</u>	2022-23 <u>EXPENDITURES</u>
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				