PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 08, 2022 402-471-0059

LB 873

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	2-23	FY 2023-24				
	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 873 changes provisions related to property tax levies. Beginning in FY22-23, LB 873 eliminates the property tax levy for general operating expenditures and limits community colleges to a property tax levy of two cents per \$100 dollars of taxable valuation for paying off bonds and establishing a capital improvement and bond sinking fund.

Specifically, two scenarios allowing a community college to exceed their levy limit are described in the bill as follows:

- a) To retire general obligation bonds assumed or issued pursuant to 85-1515; or
- b) The payment of general obligation bonds assumed or issued pursuant to 85-1515 prior to Jan 1, 1997.

Section 85-1515 relates to revenue bonds or general obligation bonds issued to acquire or alter capital assets.

LB 873 carries the emergency clause.

The Nebraska Community College Association (NCCA) estimates significant revenue losses due to LB 873. NCCA estimates a revenue loss, related to the property tax levy for operating expenditures, of \$202,459,516 in FY23 and \$208,533,302 in FY24 across the 6 Nebraska community colleges. In the absence of an increase in state aid to replace this revenue, we assume a corresponding reduction in expenditures for all community colleges.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	873	AM:	AGENCY/POLT. SUB:	Nebrask	a Department of Revenue	
RE\	VIEWED BY:	Gary Bush	DATE:	2/8/22	PHONE: (402) 471-4161	
COMMENTS: No basis to disagree with the agency's estimate of impact.						

ADMINISTRATIVE SERVICES STATE BUDG	SET DIVISION: REVIEW	/ OF AGENCY & POLT. SUB. RESPONSE				
LB: 873 (revised) AM:	AGENCY/POLT. SUB:	Nebraska Community College Association				
REVIEWED BY: Gary Bush	DATE: 1/	/31/22 PHONE: (402) 471-4161				
COMMENTS: No basis to disagree with the agency's estimate of the property tax revenue decrease that could occur if the bill is enacted and the levy limit was decreased from 11% to 2%. TECHNICAL NOTE: The revenue loss would not be State General Funds.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB:	873	AM:	AGENCY/POLT. SUB:	Lancaster County		
REVII	EWED BY:	Gary Bush	DATE	: 1/14/22	PHONE: (402) 471-4161	
COMMENTS: No basis to disagree with the agency's estimate of fiscal impact.						

LB 873 Fiscal Note 2022

State Agency Estimate						
State Agency Name: Departmen	t of Revenue				Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	2/8/2022		Phone: 471-5896	
	FY 2022	2-2023	FY 202	3-2024	FY 2024	<u>4-2025</u>
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0
		\$ 0		\$ 0		

LB 873 harmonizes and changes provisions relating to the levy authority for community college areas. The bill amends Neb. Rev. Stat. § 77- 3442 to sunset the authority of a community college area to have a General Fund levy. Beginning with FY 2022-23, community college areas may only levy a rate not to exceed two cents per \$100 of taxable valuation to pay off bonds and establish capital improvements.

Additionally, LB 873 provides that community college areas can exceed such levy to retire bonds of general obligation assumed or issued according to Neb. Rev. Stat. § 85-1517 or for any obligation entered into prior to January 1, 1997. According to Neb. Rev. Stat. § 85-1535, the authorization is for contracts that construct facilities to house applied technology educational programs.

It is estimated that there will be no costs to DOR to implement this bill.

LB 873 contains an emergency clause and becomes law upon enactment.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Benefits							
Operating Costs							
Travel							
	3						
TC - 4 - 1							

LB ⁽¹⁾ 873	REVISED				FISCAL NOTE			
State Agency OR I	Political Subdivision Name: (2)	Nebraska Community College Association						
Prepared by: (3)	Ryan Purdy and Courtney Wittstruck	Date Prepared: (4)	Jan. 19, 2022	Phone: ⁽⁵⁾	402-381-2084			
	ESTIMATE PROVI	DED BY STATE AGEN	NCY OR POLITICA	L SUBDIVIS	ION			
	FY	2022-2 <u>3</u>		FY 2023	-94			
	EXPENDITURES		EXPENDIT		REVENUE			
GENERAL FUN	DS	- 202,459,516			-208,533,302			
CASH FUNDS								
FEDERAL FUN	DS		-	<u></u>				
OTHER FUNDS			-					
TOTAL FUNDS		- 202,459,516			-208,533,302			
Explanation of E	stimate:							
eliminated in LE property tax red	six locally elected board of 3873. The estimate for the quest for FY 2022-23 and orted on the submitted Ur	is fiscal note is calcul a 3% increase for FY	ated based on a 3 2023-24. The 20	% increase 21-22 prope	to the 2020-21 erty tax requests			
Personal Service	· · · · · · · · · · · · · · · · · · ·	N BY MAJOR OBJECT	TS OF EXPENDITU	<u>RE</u>	-			
		UMBER OF POSITION 22-23 23-24	S 2022-23 EXPENDIT		2023-24 EXPENDITURES			
Benefits								
Capital outlay								
Aid								
Capital improver	nents		-					
TOTAL								

TOTAL.....

LB ⁽¹⁾ 873			FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	Lancaster County		
Prepared by: (3) Dennis Meyer	Date Prepared: (4)	1-12-22 Phone:	(5) 402-441-6869
ESTIMATE PROV	IDED BY STATE AGEN	NCY OR POLITICAL SUBDIV	VISION
	2022-23		023-24
EXPENDITURE	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		-	
CASH FUNDS			
FEDERAL FUNDS	_		
OTHER FUNDS			
TOTAL FUNDS	-		
Explanation of Estimate:			
No Fiscal Impact.			
Personal Services:	WN BY MAJOR OBJECT	S OF EXPENDITURE	
N	UMBER OF POSITIONS		2023-24
POSITION TITLE	<u>22-23</u> <u>23-24</u>	EXPENDITURES	EXPENDITURES
		-	
D C			
Benefits			
Operating Travel			
Capital outlay			·
Aid		·	·
Capital improvements			