

Revised per AM977 and AM1079

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$679,375	(\$133,326,000)	\$518,879	(\$178,934,886)
CASH FUNDS			\$246,499,886	\$246,499,886
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$679,375	(\$133,326,000)	\$247,018,765	\$67,565,000

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

LB 243 was amended by AM977. AM977 contains a modified version of LB 243. AM977 also contains the amended versions of LB 28, LB 242, LB 589, and LB 783 and the original version of LB 309. LB 243 was amended by AM1079, as well. Both amendments are discussed separately below.

AM977

Incorporates Provisions of LB 589 with Modifications

This aspect of the amendment seeks to create the School District Property Tax Limitation Act (Act).

The Nebraska Department of Education (NDE) would calculate each school district’s property tax request authority annually as follows:

- The property tax request from the prior year would be added to the non-property tax revenue from the prior year and that total would be increased by the school district’s base growth percentage which is the sum of the following:
 - 3%
 - The annual percentage increase in the student enrollment of the district multiplied by 0.7 if the school district’s student enrollment has grown by an average of 3% over the preceding three years and 0.4 if not
 - The percentage obtained by first dividing the annual increase in the total number of limited English proficiency students in the district by the student enrollment of the district and then multiplying the quotient by 0.15
 - The percentage obtained by first dividing the annual increase in the total number of poverty students in the district by the student enrollment of the school district and then multiplying the quotient by 0.15
- The amount determined above would then be decreased by the amount of total non-property-tax revenue for the current year. In determining the total non-property-tax revenue for the current year, any category of non-property-tax revenue where there is insufficient data as of August 1 to make an accurate determination would be deemed to be equal to the prior year’s amount.

The Act would not apply to the portion of a district’s property tax request that is needed to pay the principal and interest on approved bonds. The property tax request could exceed the district’s property tax request authority by an amount approved by a 60% majority of legal voters who vote on the issue at a special election.

A school district can also increase the base growth percentage used to determine it’s property tax request authority by a percentage approved by an affirmative vote of at least 70% of the district’s school board. The maximum base growth percentage that could be approved in this case would be the base growth percentage that would otherwise be applicable plus an additional:

- 7% for districts with an average daily membership (adm) of no more than 471 students
- 6% for districts with an adm of more than 471 students but no more than 3,044 students
- 5% for districts with an adm of more than 3,044 students but no more than 10,000 students
- 4% for districts with an adm of more than 10,000 students

A school district could choose not to increase their property tax request by the full amount allowed by the district's property tax request authority in a particular year. In those cases, the district could carry forward to future years the amount of unused property tax request authority. NDE would calculate each district’s unused property tax request authority and would submit an accounting of the amount to the school board of the district. The unused property tax request authority could then be used in later years for increases in the school district’s property tax request. NDE would prepare documents to be submitted by the districts to aid NDE in calculating each district’s property tax request authority and unused property tax request authority. Each district would submit their documents to NDE on or before September 20 of each year. If a district would fail to submit its documents to NDE or if NDE determines from the documents that

a district is not complying with the limits provided in the Act, NDE would notify the district of its determination. The Commissioner of Education would then direct that any state aid granted pursuant to the Tax Equity and Educational Opportunities Support Act (TEEOSA) be withheld until such time that the district submits the required documents or complies with the Act. The state aid would be held for 6 months. If the district complies within the 6-month period, it would receive the suspended state aid. If the district fails to comply within the 6-month period, the suspended state aid would revert to the General Fund.

Expenditures:

Property taxes are the primary funding source for the local resources component of the TEEOSA calculation. This Act alters a district's ability to tax to fund the district which could affect the amount of aid received. The potential impact would vary by school district.

NDE estimates the need to add a FTE to implement and oversee the provisions of this bill. Additionally, the NDE estimates a need for \$175,000 to develop and update systems to administer the bill with a \$10,000 cost in subsequent years to update and maintain the system. There is no basis to disagree with this estimate.

The Lancaster County Election Commission notes that for any special election under this aspect of the amendment, the school district would be charged for that election with the amounts varying by school district.

Incorporates Provisions of LB 309

This aspect of the amendment changes the interest rate from 9% to 14% on unpaid property tax refunds or claims.

The Department of Revenue (DOR) estimates no impact on General Fund revenues from this aspect of the amendment and no cost to it to implement. There is no basis to disagree with this estimate.

The Nebraska Association of County Officials (NACO) estimates the fiscal impact would vary by county with the increase of 5%.

Incorporates Provisions of LB 783 with Modifications

This aspect of the amendment would limit the ability to levy property taxes for community college areas for FY 2024-25 and after. The state would distribute funds to community college areas to offset the funds lost by community college areas with the elimination of their levy authority under subdivisions (2) (a) and (c) of section 85-1517 with community colleges retaining the levy authority under (b).

The funds would be distributed to community college areas by the government of the State of Nebraska in the following manner:

- FY 2024-25: The amount of property taxes levied by the community college area for FY 2023-24 pursuant to subdivisions (2) (a) and (c) of section 85-1517 or the amount of property taxes that would have been generated from a levy of \$0.075 per \$100 of taxable valuation, whichever is greater, with the amount then increased by 3.5% or the percentage increase in the reimbursable educational units of the community college area, whichever is greater.
- FY 2025-26 and after: The amount distributed to the community college area in the prior fiscal year, increased by 3.5% or the percentage increase in the reimbursable educational units of the community college area, whichever is greater.

The amounts would be calculated by the Coordinating Commission for Postsecondary Education (Commission). The Commission would also annually certify the total amount to be distributed, as described above, to all community college areas, to the State Treasurer. The State Treasurer would then transfer the certified amount from the General Fund to the created Community College Future Fund in 10 equal payments distributed monthly beginning in September and continuing through June. The Commission would then make distributions to the community college areas in ten equal payments distributed monthly beginning in September and continuing through June.

Beginning in FY 2024-25, if the state would fail to provide the full funding calculated for it to distribute in this aspect of the amendment, a community college area could, if approved by a majority vote of the community college board of governors, levy an amount for the fiscal year under subdivision (2) (a) of section 85-1517 sufficient to generate revenue equal to the amount that would have been provided to the community college area as calculated by the Commission to be fully funded minus the amount that was actually provided to the community college area.

Also, beginning in FY 2024-25, if the amount of aid provided to a community college area pursuant to the Community College Aid Act is less than the amount of aid provided to the community college area in the immediately preceding fiscal year or the amount of aid provided to the community college area in FY 2022-23, whichever is greater, the community college area could, if approved by a majority vote of the community college board of governors, levy an amount under subdivision (2) (a) of section 85-1517 sufficient to generate revenue equal to the difference in aid from the immediately preceding fiscal year or FY 2022-23, whichever would be applicable.

This aspect of the amendment would limit political subdivisions' ability to raise revenue through the levying authority for community college areas. The distribution of funds from the state would seek to replace the loss in funds from the inability to levy taxes for community college areas. NACO estimates a loss in revenue to counties as a result of the 1% fee totals connected to the change in community college tax collections.

Keeps Original Provisions of LB 243 with Modifications

This aspect of the amendment seeks to increase the minimum amount of relief granted under the Property Tax Credit Act so the minimums would be the following:

- For tax years 2020 through 2023: \$275 million.
- For tax year 2024: \$388 million
- For tax year 2025: \$428 million
- For tax year 2026: \$468 million
- For tax year 2027: \$488 million
- For tax year 2028: \$515 million
- For tax year 2029: \$560 million
- For tax year 2030 and each tax year after, the minimum amount of relief would be the minimum amount from the prior tax year plus a percentage increase equal to the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the DOR.

The fiscal impact of this change is shown in the table at the end of the text on AM977 and is further discussed there, as well.

Incorporates Provisions of LB 28 with Modifications

This aspect of the amendment seeks to make changes to appealing property tax under the Tax Equalization and Review Commission Act. The assessed value of the property for the year would reset to the previous year's assessed value if the Tax Equalization and Review Commission (TERC) has not reached a decision on an appeal by the date the first half of the following year's property taxes become delinquent. The property value would stay at that value until the TERC makes a decision. If the TERC reaches a decision on an appeal after the property taxes for the property become delinquent and if the TERC determines that the assessed value of the property is higher than the value of the previous year's assessed value, then interest would accrue on the tax liability related to the difference in the value between the previous year's assessed value and the assessed value determined by the TERC. The interest would accrue from the date that the property taxes become delinquent.

The TERC estimates no fiscal impact to it from this aspect of the amendment. There is no basis to disagree with this estimate.

The Lancaster County Treasurer estimates costs associated with a major rewriting of their system to account for the interest rate changes in this aspect of the amendment. Additionally, the Lancaster County Treasurer estimates additional work as a result of the appeal causing a shift back to the previous year's assessed value.

NACO estimates that shifting back to the previous year's assessed value would significantly impact the ability to rely on and implement accurate tax levies. NACO also notes that with taxes and interest being paid if the decision of TERC returns an amount that is higher than the previous year's assessed value, the taxes and interest received would lessen the initial impact.

Incorporates Provisions of LB 242 with Modifications

This aspect of the amendment seeks to make changes to the community college tax credits provided by the Property Tax Incentive Credit Act. The allowable growth percentage for the total assessed value of all real property in the state from the prior year to the current year of 5% is eliminated under this aspect of the amendment, as well. For tax years beginning on or after January 1, 2023, the credit would be equal to 100% of the community college taxes paid.

The fiscal impact of this change is shown in the table below and is further discussed, as well.

Additional Fiscal Impact to Note from AM977

The table below depicts the fiscal impact as a result of changes to property tax credits and funding of community colleges. Money would be transferred from the General Fund to these two cash funds. The money in these cash funds would then be expended by the state. The General Fund decrease in FY 23-24 is from the changes made to community college tax credits through the Property Tax Incentive Credit Act and community college levy authority changes. In subsequent years, these changes to community college tax credits and levy authority results in General Fund revenue increases. This table also utilizes data from the Coordinating Commission for Postsecondary Education (Commission) for FY24-25 for what would be distributed to community colleges. The amount calculated by the Commission has been adjusted to also include data for estimated property valuations for 2024 that would be available for FY 24-25 calculations. The rest of the data utilized is from the DOR with one exception. This exception is that the Appropriations Committee approved in its preliminary recommendation \$363,000,000 to go into the Property Tax Credit Fund for FY 23-24 and \$398,000,000 for FY 24-25, and this is factored into the calculations in the table on the following page.

Fiscal Year	General Fund Revenue	Property Tax Credit Fund (Cash Fund)	Community College Future Fund (Cash Fund)
23-24	\$ (133,326,000)	\$ -	\$ -
24-25	\$ (178,934,886)	\$ -	\$ 246,499,886
25-26	\$ (194,573,382)	\$ 30,000,000	\$ 255,127,382
26-27	\$ (200,582,840)	\$ 70,000,000	\$ 264,056,840
27-28	\$ (225,152,830)	\$ 90,000,000	\$ 273,298,830
28-29	\$ (256,883,289)	\$ 117,000,000	\$ 282,864,289
29-30	\$ (306,779,539)	\$ 162,000,000	\$ 292,764,539

AM1079

This amendment seeks to add the at-large commissioner for the TERC, beginning July 1, 2023, that previously existed. The TERC would then have four commissioners.

The amendment would change the term expiration dates of the TERC commissioners.

The amendment would change the number of TERC commissioners from one to two that are required to have been engaged in the practice of law in the State of Nebraska for at least 5 years, which could include prior service as a judge, and would be currently admitted to practice before the Nebraska Supreme Court. The attorney commissioners would be presiding officers for TERC proceedings involving appeal hearings and other proceedings involving panels of more than one commissioner.

The amendment would change the salary of the TERC commissioners so that the salary for commissioners serving as a presiding hearing officer for commission hearings and proceedings involving a panel of more than one commissioner would be equal to 85% of the salary set for the Chief Justice and judges of the Supreme Court. The salary for commissioners not serving as a presiding officer for commission hearings or proceedings involving a panel of more than one commissioner would be equal to 70% of the salary set for the Chief Justice and judges of the Supreme Court.

The amendment would also change the amount of taxable value of each parcel from \$1 million to \$2 million regarding when a single commissioner could hear an appeal and cross appeal and appeals and cross appeals consolidated with any such appeal and cross appeal.

The TERC estimates costs connected to the additional TERC Commissioner added from this amendment as well as the increases in salaries of the rest of the TERC Commissioners. There is no basis to disagree with this estimate.

NACO notes that the changes from this amendment could add to TERC efficiencies in processing appeals and cases would then be decided in a timelier fashion. In turn, this would help the ability to rely on accurate tax levies and the impact noted by NACO in the discussion of LB 28 above.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 243	AM: 977	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: Neil Sullivan	DATE: 4/13/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Education assessment of fiscal impact from LB 243 as amended by AM 977.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 243	AM: 977	AGENCY/POLT. SUB: Nebraska Community College Association
REVIEWED BY: Neil Sullivan	DATE: 4/13/2023	PHONE: (402) 471-4179
COMMENTS: The Nebraska Community College Association assessment of no net fiscal impact from LB 243 as amended by AM 977 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 243	AM: 977	AGENCY/POLT. SUB: Metropolitan Community College
REVIEWED BY: Neil Sullivan	DATE: 3/31/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Metropolitan Community College assessment of no fiscal impact from LB 243 as amended by AM 977.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 243	AM: 977	AGENCY/POLT. SUB: Coordinating Commission for Postsecondary Education
REVIEWED BY: Neil Sullivan	DATE: 4/13/2023	PHONE: (402) 471-4179
COMMENTS: The Coordinating Commission for Postsecondary Education assessment of fiscal impact is not unreasonable, but is somewhat higher than the Department of Revenue's projections.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 243	AM: 977	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 4/13/2023	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 243 as amended by AM 977 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 243	AM: 977	AGENCY/POLT. SUB: State Treasurer
REVIEWED BY: Neil Sullivan	DATE: 4/13/2023	PHONE: (402) 471-4179
COMMENTS: The State Treasurer assessment of no fiscal impact from LB 243 as amended by AM 977 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 243	AM: 977	AGENCY/POLT. SUB: Lancaster County Treasurer
REVIEWED BY: Neil Sullivan	DATE: 3/31/2023	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Lancaster County Treasurer assessment of fiscal impact from LB 243 as amended by AM 977.		

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

2023

LB⁽¹⁾ 243 AM 977

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 3/31/23 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$294,833</u>	<u> </u>	<u>\$131,577</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>\$294,833</u>	<u> </u>	<u>\$131,577</u>	<u> </u>

Explanation of Estimate:

LB 243 AM977 establishes a property tax authority limitation for school districts which creates a third limit on school district tax requests. Property tax authority is calculated by giving schools the prior year’s tax request plus the sum of the following:

- Base growth percentage which is 3%
- .7% if the school districts average growth is over 3% for the previous three years or
- .4% if the school district average growth is less than 3% for the previous three years
- The increase in limited English proficient students divided by total student enrollment with the quotient multiplied by .15%.
- The increase in poverty students divided by total student enrollment with the quotient multiplied by .15%.

The property tax request authority is then adjusted down by non-property tax revenue increases and up by non-property tax revenue decreases.

School districts can exceed their property tax request authority by an amount approved by 60% of the district’s legal voters, amount approved in a levy override or by the percentage below with a 70% majority vote of the school board.

- 7% for districts with average daily membership of 471 or less.
- 6% for districts with average daily membership of at least 471 and less than 3,044.
- 5% for districts with average daily membership of at least 3,044 and less than 10,000.
- 4% for districts with average daily membership of more than 10,000.

Unused property tax authority can be carried over and accessed in future years.

Tax asking for voter approved bond principal and interest is not subject to property tax authority limits.

NDE will need a staff person to carry out the responsibilities outlined in this bill. Additionally, it will take \$175,000 to develop and update the systems needed to collect the information from schools and \$10,000 annually to update and maintain systems after the initial year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Specialist III	1.0	1.0	\$68,310	\$72,409
Benefits.....			\$40,380	\$41,737
Operating.....			\$186,143	\$17,431
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$294,833	\$131,577

The SDPTL Act has no direct fiscal impact to the General Fund revenues. However, the SDPTL Act will affect TEEOSA, which will have a corresponding impact on General Fund expenditures. The SDPTL takes effect on January 1, 2024.

Property Tax Refund Interest Rate

Section 11 amends Neb. Rev. Stat. § 77-1736.06 to change the interest rate relating to property tax refunds for unpaid balances from 9% to 14%.

Property Tax Credit Act

Section 13 amends Neb. Rev. Stat. § 77-4212(1) by changing the minimum amount of relief granted to taxpayers via the Property Tax Credit Act. Specifically, the minimum amount relief are as follows:

- \$388 million for tax year 2024;
- \$428 million for tax year 2025;
- \$468 million for tax year 2026;
- \$488 million for tax year 2027;
- \$515 million for tax year 2028;
- \$560 million for tax year 2029.

For tax year 2030 and after, minimum relief increase is based on a percentage increase equal to the percentage increase in the total assessed value of all real property in the state from the prior year to the current year as determined by the Department of Revenue (DOR).

Property Tax Incentive Credit Act

Section 15 and 16 changes the credit for Community colleges taxes paid for tax years beginning on and after January 1, 2023, to 100% of the community college taxes paid and eliminates the 5% per year allowable growth percentage limitation.

Community College Levy Authority

Section 17 limits the ability for Community Colleges to levy property taxes, starting in fiscal year 2024-25. Community Colleges will get a distribution of funds to replace the property taxes loss starting in fiscal year 2024-25. Community College maintain the levying authority for capital improvement funds and additional levying authority, if authorized by the community college board of governors, to allow additional funding, beyond what the State of Nebraska provides, to fully fund the community college if the State of Nebraska fails to fully fund a community college in a given year.

Beginning in fiscal year 2024-25, funds will be distributed com community college areas as follows:

- For fiscal year 2024-25, the amount to be distributed is the amount of property taxes levied by such community colleges area for fiscal year 2023-24 pursuant to subdivisions (2)(a) and (c) of section 85-1517 or the amount of property taxes that would have been generated from a levy of \$.075 per \$100 of taxable valuation, whichever is greater, then, increased 3.5 percent or the percentage increase in the reimbursable educational unites of the community college area, whichever is greater.
- For fiscal year 2025-26 and thereafter, the amount distributed for a community college is the amount in prior year, increase by 3.5% or the percentage increase in the reimbursable educational unites of the community college area, whichever is greater.

The Coordinating Commission for Postsecondary Education will annually determine the amount to be distributed to each community college area and certify such amounts to the community college area and to the budget division of the Department of Administrative Services and the State Treasurer by August 15 of each year. The State Treasurer will transfer the certified amount from the General Fund to the community College Future Fund in ten equal payments distributed monthly beginning in September of the fiscal year and continuing through June.

LB 242 AM977 is estimated to impact the General Fund and Cash Fund revenues and expenditures as follows:

Fiscal Year	General Fund Revenue	Property Tax Credit Fund (Cash Fund)	Community College Fund (Cash Fund)
FY2023-24	\$ (133,326,000)	\$ -	\$ -
FY2024-25	\$ (225,706,000)	\$ 75,000,000	\$ 218,271,000
FY2025-26	\$ (250,355,000)	\$ 115,000,000	\$ 225,909,000
FY2026-27	\$ (255,343,000)	\$ 155,000,000	\$ 233,817,000
FY2027-28	\$ (278,855,000)	\$ 175,000,000	\$ 242,001,000
FY2028-29	\$ (309,489,000)	\$ 202,000,000	\$ 250,470,000
FY2029-30	\$ (358,251,000)	\$ 247,000,000	\$ 259,236,000
FY2030-31	\$ (381,745,000)	\$ 266,600,000	\$ 268,309,000

It is estimated that there will be minimal costs to the Department of Revenue to implement LB 243 AM977.

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2023

LB⁽¹⁾ 243 ER21 REVISED

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Tax Equalization & Review Commission

Prepared by: ⁽³⁾ Rob Hotz Date Prepared: ⁽⁴⁾ 4/14/2023 Phone: ⁽⁵⁾ 402-471-2842

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>384,542</u>	<u> </u>	<u>387,302</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>384,542</u>	<u> </u>	<u>387,302</u>	<u> </u>

Explanation of Estimate:

The addition of an at-large commissioner (which was removed by LB 384, 2011) in Section 14 of the amendment, and salaries based upon Section 15 of the amendment, including associated benefits, would require additional General Fund appropriations. These estimates are based upon FY22-23 judges' salaries and an operative date of July 1, 2023.

Operating costs associated with equipment, such as a computer, furniture, such as an office desk and chair, will be absorbed in the current General Fund appropriation, as well as travel reimbursements, and costs associated with required continuing education and professional licensing. Any additional costs associated with mileage reimbursements will be absorbed by current General Fund and Cash Fund appropriations.

The changes in Section 16 will have no fiscal impact on the Commission.

Any fiscal impact by the Section 17 changes to single commissioner proceedings will also be absorbed in current General Fund appropriations.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
At-Large Attorney Commissioner	<u>1</u>	<u>1</u>	<u>168,662</u>	<u>168,662</u>
Other PSL	<u> </u>	<u> </u>	<u>143,609</u>	<u>143,609</u>
Benefits.....	<u> </u>	<u> </u>	<u>72,271</u>	<u>75,031</u>
Operating.....	<u> </u>	<u> </u>	<u>0</u>	<u>0</u>
Travel.....	<u> </u>	<u> </u>	<u>0</u>	<u>0</u>
Capital outlay.....	<u> </u>	<u> </u>	<u>0</u>	<u>0</u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u>384,542</u>	<u>387,302</u>

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

2023

LB⁽¹⁾ 243 AM977

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Metropolitan Community College

Prepared by: ⁽³⁾ Brenda Schumacher Date Prepared: ⁽⁴⁾ 03/30/2023 Phone: ⁽⁵⁾ (531)622-2406

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
CASH FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
FEDERAL FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
OTHER FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
	<u>0</u>	<u></u>	<u>0</u>	<u></u>

Explanation of Estimate:

There would be no cost to Metropolitan Community College associated with AM977 made to LB243.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	<u></u>	<u></u>	<u></u>	<u></u>
Operating.....	<u></u>	<u></u>	<u></u>	<u></u>
Travel.....	<u></u>	<u></u>	<u></u>	<u></u>
Capital outlay.....	<u></u>	<u></u>	<u></u>	<u></u>
Aid.....	<u></u>	<u></u>	<u></u>	<u></u>
Capital improvements.....	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL.....	<u></u>	<u></u>	<u></u>	<u></u>

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

2023

LB⁽¹⁾ 243 AM977

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 3/30/2023 Phone: ⁽⁵⁾ 402.471.0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				(\$235,000,000)
CASH FUNDS			\$235,000,000	\$235,000,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$235,000,000	\$0

Explanation of Estimate:

This estimate only applies to the funding necessary to carry out Sections 17-20 as it relates to the Coordinating Commission for Postsecondary Education.

LB243 AM977, Sec 17-20 requires the Commission to calculate an amount to be distributed to the community college areas due to the elimination of their levy authority under subdivisions (2)(a) and (c) of Neb. Rev. Stat. § 85-1517 and distribute such amount in 10 equal installments. To fund this allocation, the Treasurer will transfer from the General fund to the Community College Future fund. The Commission believes this cash fund appropriation will be included in Agency 83, Aid to Community Colleges.

With the Commission currently calculating and distributing state aid payments appropriated to Agency 83 to community colleges, the additional time it would take to calculate and distribute these new payments as outlined in AM977 should be minimal and could be absorb within current agency appropriations.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				\$235,000,000
Capital improvements.....				
TOTAL.....				\$235,000,000

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

2023

LB⁽¹⁾ 243, AM 977

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ March 31, 2023 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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 State Treasurer’s Office doesn’t expect any fiscal impact from LB 243, AM 977 to the office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 243, AM977

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Rachel Garver Date Prepared: ⁽⁴⁾ March 30, 2023 Phone: ⁽⁵⁾ 402-441-7499

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$61,250		\$61,250	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The portion that relates to §77-5015 involves a major rewrite to our system. The biggest issue is using an interest rate derived from section §45-103. If the interest rate was the same as rate used for the delinquent taxes from §45-104.01 it would cut costs way back.

Estimated 350 hours at \$175.00 per hour. Since the proposed rate in AM977 is not a fixed rate program changes are likely to be on going.

The changes to §77-5015 give incentive to taxpayers to appeal to TERC, as they can defer their taxes by rolling back to the previous year's value until a decision is made. This new process would cause more work for the State and counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2023

LB⁽¹⁾ 243 AM 1079

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Rachel Garver Date Prepared: ⁽⁴⁾ April 6, 2023 Phone: ⁽⁵⁾ 402-441-7425

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

No Fiscal Impact for the County Treasurer's Office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 243, AM977

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ March 29, 2023 Phone: ⁽⁵⁾ 402-444-8777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

This legislation does not appear to have a fiscal impact on this office

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 243 AM 1079

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ 04/07/23 Phone: ⁽⁵⁾ 402-441-8777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

This amendment does not appear to have an impact on the budget of this office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 243 AM977

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Election Commission

Prepared by: ⁽³⁾ Todd Wiltgen Date Prepared: ⁽⁴⁾ 3/31/2023 Phone: ⁽⁵⁾ (402) 441-7311

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

Special election expenditures would be offset by revenues charged back to the school district(s) requesting it. A special election for our largest school district – Lincoln Public Schools – would cost \$400,000. A special election for one of our smaller rural school districts would cost \$6,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2023

LB⁽¹⁾ 243– AM1079

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 4/6/2023 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
.	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====
Explanation of Estimate:				

Section 11 of committee AM977 (LB309) would increase the interest rate from 9 % to 14 % for refunds or claims due when making a property tax refund. When property tax refunds or claims are due is random. Most counties should be able to pay their portion within 30 days unless it is a large refund like the utility, railroad or large entity. For example, if a political subdivision was unable to refund \$50,000.00 until the next budget year the cost at 9% is \$4,500.00 and the cost at 14% is \$7,000.00. Smaller counties that may have a large refund pending during a slow revenue month will be most impacted by this change in rate. These incidental expenses will need to be budgeted and will impact the tax asking. In 2021, when legislation was introduced to impose the 9% interest rate, the fiscal impact analysis anticipated that there would not be large scale impacts to all counties. However, some counties may see a significant impact if they are required to repay a refund or claim for property taxes at 9 % and more so at 14%. Such analysis would also be true with the increase of 5% interest rate for refunds or claims under section 12.

Sections 12, 18 and 20 of committee AM977 (LB783) would eliminate the taxes levied for community colleges beginning in FY 2024/2025. In 2022, the community colleges had a tax asking of \$263,908,352 across the entire state. If these sections were enacted, there would be at least a statewide fiscal impact of \$2,639,083 because counties would no longer collect the one percent fee on community college tax collections. The impact will vary from county to county.

Section 14 of committee AM977 (LB28, AM351) would require the valuation of a property that currently has an appeal to the Tax Equalization and Review Commission (TERC) that has not been decided when the first half of taxes become delinquent to revert said valuation to the value of the year prior to the appealed. If TERC were unable to reach decisions timely, reversion to the value of the year prior to the appeal would significantly impact the ability to rely on and implement accurate tax levies. During tax year 2020, 1,622 appeals were received by TERC and 197 appeals were disposed of prior to 5/1/21 (Of those there were 6 single commissioner decisions, 2 panel decisions, 82 confessions of judgment, 12 dismissals by the appellant, 52 administrative dismissals, 29 dismissals by the commission, and 14 jurisdictional dismissals). That left 1,425 remaining appeals as of 5/1/21. The average parcel value in 2020 was approximately \$238,609. Given an average statewide valuation increase of 2.29% from tax year 2019 to tax year 2020, resetting those values to the prior year would yield an average valuation loss of approximately \$5,342 per remaining appeal, or \$7,612,350 statewide. Provisions included within AM351 would require that if the decision of the TERC returns an amount that is higher than the amount reverted to, the property owner must pay the taxes on the additional amount with accrued interest from the date it was reverted, at an interest rate 17 percent. This provision would ultimately lessen the initial impact.

AM1079 is intended to permit TERC to more efficiently process appeals. If such efficiencies were recognized, cases would be more timely decided and the ability to rely on accurate tax levies would be more readily achievable and the fiscal impact would likely be neutral or increased.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				