

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	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 905 amends Nebraska Revised Statutes Sections 77-1502.01 and 77-1502 regarding protests of real and tangible personal property.

The bill changes the burden of proof at any hearing of the county board of equalization on a protest regarding real property to the county assessor. The county assessor is required to show that their assessed value is equitable and in accordance with the law.

The bill has an operative date of January 1, 2019.

The Department of Revenue estimates no impact to the General Fund as a result of the provisions of LB 905.

The Department of Revenue indicates minimal costs to implement the provisions of LB 905.

We agree with the Department of Revenue's estimate of fiscal impact and cost to the state.

The Tax Equalization and Review Commission (TERC) indicates they are unable to determine if the change in burden of proof will result in a change in the number of appeals made to the TERC and, therefore, cannot estimate any fiscal impact to the Commission.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials (NACO) indicates that fiscal impact is unknown at this time. However, they do anticipate that it will be potentially significant and require some counties to dedicate additional resources to and employ additional staff within the assessor's office to demonstrate that the assessed value is equitable and in accordance with law at the hearings. This change could also result in additional staff time and expenditures for appeals at the TERC. If such projections are realized then a property tax increase would be likely so that counties could implement the change.

We have no basis to disagree with the NACO analysis.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 905	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue	
REVIEWED BY: Ann Linneman	DATE: 1-16-18	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Revenue's assessment of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 905	AM:	AGENCY/POLT. SUB: Tax Equalization & Review Commission	
REVIEWED BY:	Ann Linneman	DATE: 1-12-18	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Tax Equalization & Review Commission's assessment of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 905	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY:	Ann Linneman	DATE: 1-11-18	PHONE: (402) 471-4180
COMMENTS: No basis to disagree with the Nebraska Association of County Official's assessment of fiscal impact.			

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

2018

LB⁽¹⁾ 905

FISCAL NOTE

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

Prepared by: ⁽³⁾ Rob Hotz Date Prepared: ⁽⁴⁾ 1/11/18 Phone: ⁽⁵⁾ (402) 471-2842

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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: We are unable to anticipate whether shifting the burden of proof to the County Assessor in protest proceedings before the County Board of Equalization would likely result in more or fewer protests being filed by taxpayers or more or fewer appeals being filed with the Tax Equalization & Review Commission. Since the number of appeals that would be filed is unknown, and would be dependent upon the individual choice of each protesting taxpayer, we cannot quantify what effect LB 905 would have upon the revenue (filing fees) or expenditures (hearing costs) of the Commission. Since appeal filing fees currently pay for only 5% of the total expenditures of the Commission, 95% of the Commission's costs associated with any increase in the number of appeals would need to be absorbed by the Commission's current General Fund budget.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</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.

2018

LB⁽¹⁾ 905 REVISED

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/11/2018 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</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 to counties is unknown at this time. It is anticipated that it will be potentially significant and require some counties within the state to dedicate additional resources to and employ additional staff within the assessors' office to show that his or her assessed value is equitable and in accordance with the law at county board of equalization hearings. Additionally, this would likely increase time and resources of the counties' attorneys to assist assessors with this different burden of proof for both the county board of equalization hearings and then at Tax Equalization Review Commission (TERC). Added travel of individuals by county officials for TERC hearings would also likely be necessitated for TERC hearings by assessors and attorneys due to the likelihood of increased property tax protests. If these projections are realized then a property tax increase would be likely so that counties could implement the changes for an increased burden of proof of a county assessor.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____