

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 644 seeks to adopt the Property Tax Request Act (Act). The primary function of the Act is to set specific procedures in place for the requesting of property taxes to be levied for political subdivisions. LB 644 removes various sections and subsections relating to the current process for a political subdivision to increase its property tax request.

For political subdivisions that wish to exceed their prior year’s property tax request the Act requires the following procedures:

- A public hearing is held; and
- The governing body of the political subdivision passes a resolution or an ordinance.

The Act further specifies the exact setting where the joint hearing will occur for it to be valid under the Act, including the time, dates, information provided and discussed, and the sending of postcards. The Act also specifies the information that must be included in a valid resolution or ordinance for a political subdivision to increase its property tax request. Under the Act, if any political subdivision does not follow these procedures when requesting a new levy, their levy is to be considered unauthorized.

LB 644 becomes operative January 1, 2022.

The Department of Revenue estimates no fiscal impact to the General Fund or to the Department as a result of LB 644. There is no basis to disagree with this estimate.

The Nebraska Association of County Officials (NACO) estimates there will be a negative fiscal impact counties as a result of LB 644. This will be due to the need for paying overtime wages for hearings as well as for postage required by the Act. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 644	AM:	AGENCY/POLT. SUB: Department of Revenue	
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: 644	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)	
REVIEWED BY: Lee Will	DATE: 02/08/2021	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with NACO’s assessment of unknown fiscal impact to counties.			

- b. The result of the tax rate which would levy the same amount of property taxes from the prior year, when multiplied by the new total assessed value of property per \$100 of assessed value;
- c. What the political subdivision proposed to adopt for a specific tax rate per \$100 of assessed value; and
- d. The percentage the total operating budget will exceed the prior year's operating budget; and
- e. Citizens may contact the political subdivision at their phone number and email address to obtain more information regarding the increase in the property tax request.

Interested parties at the public hearing are to be allowed to make public comment within reasonable time limits but for no less than three minutes, and with no unreasonable restriction on the number of individuals allowed to make public comment.

The notice of the hearing must comply with specific requirements that are provided in the Act. The notice must be provided by postcard sent to all affected property taxpayers at the name and address to which the property tax statement is mailed and by posting notice of the hearing on the main page of the county's web site. The postcards are to be mailed by the county and paid for by political subdivisions participating in the public hearing. The notice must include the date, time, and location of the public hearing, a list of the political subdivisions participating in the public hearing, along with their contact information, the amount of each political subdivisions property tax request, and the following statements of information for each participating political subdivision:

1. The (name of political subdivision) is proposing to increase the amount of revenue generated by its property tax request;
2. The total assessed value of property differs from last year's total assessed value by x percent.
3. The tax rate which would levy the same amount of property taxes as last year, when multiplied by the new total assessed value of property, would be $\$y$ per \$100 of assessed value.
4. The (name of political subdivision) proposes to adopt a property tax request that will cause its tax rate to be $\$y'$ per \$100 of assessed value.
5. Based on the proposed property tax request and changes in other revenue, the total operating budget of (name of political subdivision) will exceed last year's by x' percent.
6. All concerned citizens are invited to a public hearing on the proposed increase in the political subdivision's property tax request.

Any resolution or ordinance setting a political subdivision's property tax request at an amount that exceeds the property tax request ask from the prior year must include:

1. The (name of political subdivision) is proposing to increase the amount of revenue generated by its property tax request;
2. The amount of the property tax request;
3. The following statements:

- a. The percentage difference of the assessed value from the prior year;
 - b. The result of the tax rate which would levy the same amount of property taxes from the prior year, when multiplied by the new total assessed value of property per \$100 of assessed value;
 - c. What the political subdivision proposed to adopt for a specific tax rate per \$100 of assessed value; and
 - d. The percentage the total operating budget will exceed the prior year's operating budget; and
4. The record vote of the governing body passing the resolution or ordinance.

Any resolution or ordinance setting a property tax request under the Act is to be certified and forwarded to the county clerk on or before October 13 of the year for which the tax request is to apply.

Section 6 provides that any levy not in compliance with the Property Tax Request Act will be considered an unauthorized levy under Neb. Rev. Stat. § 77-1606.

Section 8 amends Neb. Rev. Stat. § 77-3443 to require county boards of equalization to certify all levies by October 20.

Section 10 repeals original sections.

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.

This bill becomes operative on January 1, 2022.

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

2021

LB⁽¹⁾ 644

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/25/2021 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

LB 644 would adopt the Property Tax Request Act (the Act).

In various counties, they may be required to pay overtime wages to staff to conduct the joint meetings required by LB 644 since they are to be conducted after normal office hours. To accommodate all the possible political subdivisions that would be participating in a joint meeting, a hearing room outside the courtroom may be required.

If provisions of the Act apply, counties would be required to send postcards to provide notice to taxpayers and not all counties have websites to provide notice.

While the overall fiscal impact is unknown, there would likely be an impact to counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____