

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$73,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$73,000,000	

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

LB 1030 would exempt all tangible personal property from property taxes, beginning January 1, 2023.

Tangible personal property had a taxable valuation of just over \$14 billion statewide in 2021, which is approximately 5.2% of the total taxable valuation in Nebraska. For tax year 2021, political subdivisions levied a total of \$236,446,003 in property taxes on tangible personal property.

Exempting tangible personal property from property tax will increase state aid required pursuant to TEEOSA. For FY23-24, the estimated increase is \$73 million, and for FY24-25, the increase is \$76.2 million.

The provisions of LB 1030 would result in a reduction in taxable valuation for all political subdivisions, although the specific amount in the reduction in valuation will vary by political subdivision. The provisions of the bill would likely result in a shift of taxation to real property. Any decrease to a political subdivision’s general fund property tax revenue would vary depending on its property tax valuation base and the ability, if any, to increase its levy.

In addition, counties will likely see some reduced administrative costs.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1030	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 2/4/2022	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Department of Revenue assessment of potential TEEOSA impact and minimal fiscal impact to the agency from LB 1030.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1030	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)	
REVIEWED BY: Neil Sullivan	DATE: 1/20/2022	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the NACO assessment of fiscal impact from LB 1030.			

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

LB: 1030 AM: AGENCY/POLT. SUB: Douglas County

REVIEWED BY: Neil Sullivan DATE: 2/3/2022 PHONE: (402) 471-4179

COMMENTS: No basis to disagree with the Douglas County assessment of fiscal impact from LB 1030.

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

LB: 1030 AM: AGENCY/POLT. SUB: Lancaster County Assessor

REVIEWED BY: Neil Sullivan DATE: 1/18/2022 PHONE: (402) 471-4179

COMMENTS: No basis to disagree with the assessment of fiscal impact to the Lancaster County Assessor from LB 1030.

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

2022

LB⁽¹⁾ 1030

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/15/2022 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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 1030 would exempt all tangible personal property from property tax. Based on 2020 information from the Department of Revenue, personal property taxes collected were:

Property Type	Taxes Levied in Nebraska 2020
Agricultural Personal Property	44,171,026
Commercial Personal Property	130,784,669
Railroad Personal	12,837,183
Public Service Entity Personal	39,945,265
TOTAL - PERSONAL	227,738,143

The shift in taxes would be \$227,738,143 of personal property taxes to other taxes collected. As these values disappear, the levy would increase to shift this loss to the remaining taxpayers. For example, real property commercial, agricultural and residential taxes would be largely absorbing the exemption of personal property taxes

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</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.

2022

LB1030⁽¹⁾ Exempt all tangible personal property from property tax

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ Joe Lorenz,
Director of Finance &
Budget

Date Prepared: ⁽⁴⁾ 1/25/2022

Phone: ⁽⁵⁾ 402-444-6825

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>LOSS OF (+/- \$7.9 million)</u>	<u>N/A</u>	<u>PERMANENT LOSS</u>

Explanation of Estimate:

NEGATIVE (DETRIMENTAL) FISCAL IMPACT TO DOUGLAS COUNTY

The revisions proposed by LB1030 will result in the loss of personal property tax revenue to all counties/political subdivisions.

Douglas County's 2021 allocated portion of personal property tax totaled \$7,890,996. Exempting all personal property from tax beginning January 1, 2023, will result in complete loss of this revenue.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</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.

2022

LB⁽¹⁾ 1030

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/ROD

Prepared by: ⁽³⁾ Scott Gaines Date Prepared: ⁽⁴⁾ 1/18/22 Phone: ⁽⁵⁾ 402-441-6580

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	-\$35,000		-\$70,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	-\$35,000		-\$70,000	

Explanation of Estimate:

Exempting all Personal Property from taxation would result in the elimination of one full-time staff position in the Lancaster County Assessor's Office, beginning 1/1/2023.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Land Records Technician I	-0.5	-1	-\$25,000	-\$50,000
Benefits.....			-\$10,000	-\$20,000
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			-\$35,000	-\$70,000

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

2022

LB⁽¹⁾ 1030

FISCAL NOTE

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

Prepared by: ⁽³⁾ Rachel Garver Date Prepared: ⁽⁴⁾ January 18, 2022 Phone: ⁽⁵⁾ 402-441-7425

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	-3,000	-16.8 Million
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Exempting personal property from being taxed starting January 1, 2023 would save the County Treasurer's Office the cost of printing and mailing statements (\$3,000). Processing the payments is not enough to be reported. The loss of revenue collected would be \$16.8 million in FY 2023-24.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____