

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$156,874	(\$1,158,764,800)		(\$1,129,214,800)
CASH FUNDS	\$1,723,900,000	\$1,723,900,000	\$1,778,588,000	\$1,778,588,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,724,056,874	\$565,135,200	\$1,778,588,000	\$649,373,200

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

LB 1415 would establish the Property Tax Relief Act. The purpose of the Act would be to provide state funding directly to school districts, counties, cities, and villages in exchange for direct property tax relief.

For FY 2024-25 and each fiscal year after, school districts and counties would receive disbursement from the state. The amount disbursed to each school district and county would be equal to the amount available for disbursement multiplied by the ratio of the real property valuation in the school district or county to the real property valuation in the state. For school districts in FY 2024-25, the amount available for disbursement would be \$989,600,000. For FY 2025-26 and after, the amount available for disbursement would be the amount disbursed in the prior fiscal year plus 3%. For counties in FY 2024-25, the amount available for disbursement would be \$437,200,000. For FY 2025-26 and after, the amount available for disbursement would be the amount disbursed in the prior fiscal year plus \$15 million.

For FY 2024-25 and each fiscal year after, municipalities would receive disbursement from the state. The amount disbursed to each municipality would be equal to the amount available for disbursement multiplied by the ratio of the real property valuation in the municipality to the real property valuation of all municipalities. For municipalities in FY 2024-25, the amount available for disbursement would be \$297,100,000. For FY 2025-26 and after, the amount available for disbursement would be the amount disbursed in the prior fiscal year plus \$10 million.

By September 15, the Department of Revenue (DOR) would determine the amount to be disbursed to the political subdivisions in the Act and certify such amounts. The disbursements would occur in two equal payments, the first on or before January 31 and the second on or before April 1. Amounts disbursed would be shown as budgeted non-property-tax receipts and would be deducted prior to calculating the property tax request in the political subdivision's budget statement as provided to the Auditor of Public Accounts.

The Act would establish the School District Property Tax Relief Cash Fund, the County Property Tax Relief Cash Fund, and the Municipal Property Tax Relief Cash Fund to be administered by the DOR and would be used for carrying out the Act. The funds would consist of money transferred by the Legislature and gifts, grants, or bequests from any source. Thus, money to be disbursed would be transferred from the General Fund to each Cash Fund and then would be sent out to the proper political subdivision from the appropriate Cash Fund.

The DOR could adopt and promulgate rules and regulations for purposes of carrying out the Act.

The bill also would make changes to the Nebraska Property Tax Incentive Act. The bill would remove the definition of allowable growth percentage from the Act and sunset the school district property tax credit under the act so it only applies to tax years before 2024.

The bill also removes language placing a limit on a transfer occurring regarding the Nebraska Transformational Project Fund before the total amount of refundable credits granted annually under the Nebraska Property Tax Incentive Act reach \$375 million.

The DOR estimates the following fiscal impact as a result of this bill:

Fiscal Year	GF Revenue Gain	State Transfers:			Total GF Revenues
		School Districts	Counties	Municipalities	
24-25	\$565,135,200	(\$989,600,000)	(\$437,200,000)	(\$297,100,000)	(\$1,158,764,800)
25-26	\$649,373,200	(\$1,019,288,000)	(\$452,200,000)	(\$307,100,000)	(\$1,129,214,800)
26-27	\$674,015,700	(\$1,049,866,640)	(\$467,200,000)	(\$317,100,000)	(\$1,160,150,940)
27-28	\$699,592,900	(\$1,081,362,639)	(\$482,200,000)	(\$327,100,000)	(\$1,191,069,739)
28-29	\$726,140,500	(\$1,113,803,518)	(\$497,200,000)	(\$337,100,000)	(\$1,221,963,018)
29-30	\$821,196,300	(\$1,147,217,624)	(\$512,200,000)	(\$347,100,000)	(\$1,185,321,324)

The DOR also estimates a need for a one-time programming charge of 156,874 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill.

There is no basis to disagree with these estimates.

The State Treasurer's Office estimates no fiscal impact to it as a result of this bill. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1415	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 1/31/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1415 appears reasonable. Cash fund revenue and expenditure would also increase by the amount of the General Fund transfers.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1415	AM:	AGENCY/POLT. SUB: State Treasurer
REVIEWED BY: Neil Sullivan	DATE: 1/30/2024	PHONE: (402) 471-4179
COMMENTS: The State Treasurer assessment of no fiscal impact from LB 1415 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1415	AM:	AGENCY/POLT. SUB: Lancaster County
REVIEWED BY: Neil Sullivan	DATE: 1/30/2024	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Lancaster County assessment of no fiscal impact from LB 1415.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1415	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials
REVIEWED BY: Neil Sullivan	DATE: 1/30/2024	PHONE: (402) 471-4179
COMMENTS: The Nebraska Association of County Officials assessment of fiscal impact from LB 1415 appears reasonable except that this revenue increase should offset a reduction in property tax revenue collected from tax payers.		

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

2024

LB⁽¹⁾ 1415

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/24/2024 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	\$437,000,000	_____	\$452,000,000
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>\$437,000,000</u>	<u>_____</u>	<u>\$452,000,000</u>

Explanation of Estimate:

LB 1415 would adopt the Property Tax Relief Act and change the Nebraska Property Tax Incentive Act.

The purpose of the Property Tax Relief Act is to provide state funding directly to school districts, counties, cities, and villages in exchange for direct property tax relief. For fiscal year 2024-25, counties would receive disbursements from the state in the amount of \$437 million multiplied by the ratio of the real property valuation in the county to the real property valuation in the state. For FY 2025-26, the disbursement by the state would be \$452 million multiplied by the ratio of the real property valuation in the county to the real property valuation in the state. Amounts received under this section must be shown as budgeted non-property-tax receipts and deducted prior to calculating the property tax request in the county's budget statement as provided to the Auditor of Public Accounts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

The Act creates the School District Property Tax Relief Cash Fund, the County Property Tax Relief Cash Fund, and the Municipality Property Tax Relief Cash Fund to be administered by DOR for purposes of carrying out the Act. Each fund consists of money transferred by the Legislature and gifts, grants, or bequests from any sources.

DOR may adopt and promulgate rules and regulations for purposes of carrying out the Act.

LB 1415 amends the Nebraska Property Tax Incentive Act. It sunsets the school district property tax credit under Neb. Rev. Stat. § 77-6703 as applying for taxable years beginning before January 1, 2024. In addition, LB 1415 repeals the allowable growth percentage definition and the provisions calculating the school property tax credits for taxable years beginning on or after January 1, 2024.

LB 1415 amends Neb. Rev. Stat. § 81-12,193 to repeal a limit on any transfer from occurring before the total amount of refundable credits granted annually under the Nebraska Property Tax Incentive Act reaches \$375 million in relation to the Nebraska Transformational Project Fund.

It is estimated that LB 1415 will have the following impact to the General Fund revenues:

Fiscal Year	GF Revenues Gain	General Fund Transfer Out:			Total GF revenues
		School Districts	Counties	Municipalities	
FY24-25	\$ 565,135,200	\$ (989,600,000)	\$ (437,200,000)	\$ (297,100,000)	\$ (1,158,764,800)
FY25-26	\$ 649,373,200	\$ (1,019,288,000)	\$ (452,200,000)	\$ (307,100,000)	\$ (1,129,214,800)
FY26-27	\$ 674,015,700	\$ (1,049,866,640)	\$ (467,200,000)	\$ (317,100,000)	\$ (1,160,150,940)
FY27-28	\$ 699,592,900	\$ (1,081,362,639)	\$ (482,200,000)	\$ (327,100,000)	\$ (1,191,069,739)
FY28-29	\$ 726,140,500	\$ (1,113,803,518)	\$ (497,200,000)	\$ (337,100,000)	\$ (1,221,963,018)
FY29-30	\$ 821,196,300	\$ (1,147,217,624)	\$ (512,200,000)	\$ (347,100,000)	\$ (1,185,321,324)

LB 1415 will require a one-time programming charge of \$156,874 paid to the OCIO to remove a line from 1040N, NebFile for Individuals, 1120N, 1141N, and 1065N.

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2024

LB⁽¹⁾ 1415

FISCAL NOTE

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

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ Jan. 23, 2024 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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 1415 to the office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

2024

LB⁽¹⁾ 1415

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County (Budget & Fiscal)

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1-26-24 Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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:

Property taxes will decrease by the same amount of the new state aid to be received from the County Property Tax Relief Cash Fund. Should be no fiscal impact to Lancaster County.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____