Doug Gibbs February 24, 2014 402-471-0051

# LB 885

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
		FY 20 <sup>2</sup>	14-15	FY 20	)15-16	
		EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL	FUNDS					
CASHI	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 885 amends Nebraska Revised Statute 77-132 dealing with real property.

The bill adds language providing that in counties with a population over 150,000 inhabitants (Douglas, Sarpy, and Lancaster counties), that two or more vacant or unimproved lots in the same tax district, owned by the same person, and held for sale or resale shall be included in one parcel if the owner so elects. The election is to be made annually by filing an application with the county assessor by an unspecified date.

In addition, the bill adds language requiring the county assessor, when determining the value of such parcels, to utilize the income approach, including the use of a discounted cash-flow analysis.

There is no fiscal impact to the state as result of LB 885.

The Department of Revenue indicates minimal costs to implement the provisions of LB 885.

We agree with the Department of Revenue's estimate of cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 855 AM: AGENCY/POLT. SUB: Douglas County					
REVIEWED B	Y: Elton Larson	DATE: 1/22/2013		PHONE: 471-4173	
COMMENTS:	COMMENTS: No fiscal impact to Douglas County.				

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 885 AM: AGENCY/POLT. SUB: Douglas County Assessor					
REVIEWED B	SY: Lyn Heaton	DATE: 2/25/2014		PHONE: <u>402.471.4181</u>	
COMMENTS: No basis upon which to disagree with the Douglas County Assessor's analysis.					

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES				
LB: 885 AM: AGENCY/POLT. SUB: Lancaster County Assessor				
REVIEWED BY: Ly	n Heaton		DATE: 2/25/2014	PHONE: <u>402.471.4181</u>
COMMENTS: No basis upon which to disagree with NACO's analysis.				

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES				
LB: 885 AM: AGENCY/POLT. SUB: NE Assoc. of County Officials (NACO)				
REVIEWED BY: Ly	n Heaton		DATE: 2/25/2014	PHONE: <u>402.471.4181</u>
COMMENTS: No basis upon which to disagree with NACO's analysis.				

LB <sup>(1)</sup> {	885				FISCAL NOTE
State Agen	icy OR P	olitical Subdivision Name: (2)	Douglas County	Assessor's Office	
Prepared	by: (3)	Michael Goodwillie, Deputy Assessor	Date Prepared: <sup>(4)</sup>	1/22/2014 Phone	: (5) (402) 444-6703
		ESTIMATE PROVIDEI	- D BY STATE AGEN(	Y OR POLITICAL SUBDIV	ISION
		<u>FY 20</u> EXPENDITURES			015-16 <u>REVENUE</u>
GENERA	L FUNI	DS			
CASH FU	NDS				
FEDERAI	L FUNE	<b></b>			
OTHER F	FUNDS				
TOTAL F	TUNDS	N/A	N/A	N/A	N/A

Explanation of Estimate: This bill requires a different appraisal methodology for multiple vacant parcels of real property under the same ownership when offered for sale than might be used for single vacant parcels that are not offered for sale. It presents significant equalization issues and would also have the effect of potentially treating properties differently based on their ownership.

From a fiscal standpoint, the bill has the potential to reduce value on vacant properties that are combined for valuation purposes under the bill from what the value the individual parcels would carry if valued individually. In addition, there may be some administrative costs incurred by the assessor's office to process the annual application for the combination of parcels for valuation purposes required by the bill. However, because we do not know how many parcels in the county would potentially be covered by the bill and do not know how many of the owners of those parcels would apply for this valuation treatment, there is no real way to make a meaningful estimate of fiscal impact.

BR	EAKDOWN BY	MAJOR OBJECT	<b>IS OF EXPENDITURE</b>	_
Personal Services:				
POSITION TITLE	NUMBER OF 14-15	F POSITIONS 15-16	2014-15 EXPENDITURES	2015-16 EXPENDITURES
TOSITION TITLE	<u>1<del>1</del>-15</u>	<u>15-10</u>	<u>EXI ENDITORES</u>	<u>EATENDITORES</u>
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

LB <sup>(1)</sup> 885	Require the use of the property for tax purpo	income approach ses	n to value certain rea	FISCAL NOTE
State Agency OR I	Political Subdivision Name: (2)	Douglas County	/ Douglas County Ass	essor's Office
Prepared by: <sup>(3)</sup>	Marcos San Martin, Douglas County Administration	Date Prepared: <sup>(4)</sup>	1/22/2014 <b>Phone:</b>	<b>(5)</b> 402.444.5116
	Michael Goodwillie, Chief Deputy Assessor	_		402.444.6703
	ESTIMATE PROVIDE	ED BY STATE AGEN	NCY OR POLITICAL SUBDI	VISION
	<u>FY 201</u>			015-16
GENERAL FUN	<u>EXPENDITURES</u> DS	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>

GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	N/A	N/A	N/A	N/A

**Explanation of Estimate:** 

NEGATIVE FISCAL IMPACT TO THE COUNTY, HOWEVER, THE COUNTY IS UNABLE TO PROVIDE AN ACCURATE ESTIMATE OF THE REDUCED AMOUNT. THE POTENTIAL IS LIKELY FOR TWO COMBINED PARCELS TO HAVE A TAXABLE VALUE LESS THAN THE TAXABLE VALUE OF THE PARCELS IF ASSESSED SEPARATELY; THIS WOULD RESULT IN A NEGATIVE FISCAL IMPACT TO COUNTY REVENUES.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE						
Personal Services:						
		FPOSITIONS	2014-15	2015-16		
POSITION TITLE	<u>14-15</u>	<u>15-16</u>	EXPENDITURES	<u>EXPENDITURES</u>		
	<u>.</u>					
Benefits						
Operating						
Travel						
Capital outlay						
Aid						
Capital improvements						
TOTAL			N/A	N/A		

LB <sup>(1)</sup> 885					FISCAL NOTE
State Agency OR Politica	ll Subdivision Name: (2)	Lancaster Cour	ity Assessor		
Prepared by: <sup>(3)</sup> Nor	man H. Agena	Date Prepared: <sup>(4)</sup>	January 16, 2014	Phone: (5)	402-471-8774
	ESTIMATE PROVIDE	- D BY STATE AGEN(	CY OR POLITICAL S		ON
	FY 20	14-15		FY 2015	-16
	EXPENDITURES	<u>REVENUE</u>	<b>EXPENDITU</b>	-	<u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estimat	ce:				

Unable to provide any fiscal information, as it is unclear what changes would be necessary on the part of the assessor.

	REAKDOWN BY	MAJOR OBJEC	<u>IS OF EXPENDITURE</u>	=
Personal Services:				
	NUMBER OF	<b>F POSITIONS</b>	2014-15	2015-16
POSITION TITLE	<u>14-15</u>	<u>15-16</u>	EXPENDITURES	<b>EXPENDITURES</b>
	<u> </u>			
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

### LB 885

### Fiscal Note 2014

State Agency Estimate								
State Agency Name: Department of	Revenue				Date Due LFA:	1/22/2014		
Approved by: Kim Conroy		Date Prepared:	1/22/2014		Phone: 471-5896			
	FY 2014-2015		FY 2015-2016		FY 2016-2017			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$0		\$0		\$0		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$0		\$0		\$0		

LB 885 amends the definition of parcel in Neb. Rev. Stat. § 77-132 to include two or more vacant or unimproved lots in the same tax district, held for sale or resale, that are owned by the same person if the owner elects to have the lots treated as one parcel. LB 885 would also require the county assessor to use the income approach, including a discounted cash-flow analysis, when determining the actual value of these vacant or unimproved lots. LB 885 applies to counties with a population of 150,000 or more.

There is no General Fund revenue impact associated with this bill, and implementation cost to the Department is minimal.

Major Objects of Expenditure							
		14-15	15-16	16-17	14-15	15-16	16-17
<u>Class Code</u>	Classification Title	<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
-							
Benefits							
Operating Costs							
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total							

LB <sup>(1)</sup> 885				FISCAL NOTE			
State Agency OR Political Subdivision Name: <sup>(2)</sup>		Nebraska Association of County Officials (NACO)					
Prepared by: <sup>(3)</sup>	Elaine Menzel	Date Prepared: <sup>(4)</sup>	1/15/2014 Phone:	<sup>(5)</sup> 402.434.5660, 			
	ESTIMATE PROVIDED	BY STATE AGENC	Y OR POLITICAL SUBDIVIS	SION			
	<u>FY 201</u> <u>EXPENDITURES</u>	<u>FY 2014-15</u> EXPENDITURES REVENUE		<u>15-16</u> <u>REVENUE</u>			
GENERAL FUNI	DS						
CASH FUNDS							
FEDERAL FUND	DS						
OTHER FUNDS							
TOTAL FUNDS							

**Explanation of Estimate:** 

LB 885 would require the use of the income approach to value two or more vacant or unimproved lots in the same district and owned by the same person for real property tax purposes in counties above 150,000 populations. The fiscal impact of this bill is indeterminate.

BRE	EAKDOWN BY	MAJOR OBJECT	<b>IS OF EXPENDITURE</b>	_
Personal Services:				-
DOCITION TITLE	NUMBER OF POSITIONS		2014-15	2015-16
POSITION TITLE	<u>14-15</u>	<u>15-16</u>	EXPENDITURES	EXPENDITURES
	,			
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				
	•••			