

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	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 1241 would add to the levy limits so that if the total taxable valuation of property in a political subdivision would exceed the total taxable valuation from the prior year, then the political subdivision would be subject to an additional levy limit calculated as follows:

- a) The percentage increase in the political subdivision's total taxable valuation would be determined; and
- b) The political subdivision's levy rate from the prior year would then be decreased by the percentage determined pursuant to part (a) above. The decreased levy rate would be the maximum levy rate that the political subdivision could impose in the current year.

The Department of Revenue estimates no impact to General Fund revenues and cost to it as a result of this bill.

The Nebraska Association of County Officials estimates with increases to total taxable valuation of property, this would result in a lowering of the levy. This would decrease property tax revenues compared to the previous year. If total taxable valuation in property would not increase in a political subdivision, this added levy limit would not apply and the political subdivision would be subject only to current levy limits in statute.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1241	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Neil Sullivan	DATE: 1/25/2024	PHONE: (402) 471-4179	
COMMENTS: The Department of Education did not identify a fiscal impact to the agency from LB 1241, there is no basis to disagree.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1241	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 1/29/2024	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of no fiscal impact from LB 1241 appears reasonable.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1241	AM:	AGENCY/POLT. SUB: Learning Community of Douglas & Sarpy Counties	
REVIEWED BY: Neil Sullivan	DATE: 1/25/2024	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Learning Community of Douglas & Sarpy Counties assessment of no fiscal impact from LB 1241.			



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

2024

LB<sup>(1)</sup> 1241

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> 1/22/2024 Phone: <sup>(5)</sup> 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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1241 would impose with some exception, in addition to the specific levy limits provided, if the total taxable valuation of property in a political subdivision (such as a county) exceeds the total taxable valuation from the prior year, then such political subdivision shall be subject to an additional levy limit calculated as follows:

- a) The percentage increase in the political subdivision's total taxable valuation shall be determined; and
- b) The political subdivision's levy rate from the prior year shall then be decreased by the percentage determined pursuant to subdivision (12)(a) of this section. Such decreased levy rate shall be the maximum levy rate that such political subdivision may impose in the current year.

From a 5-year dataset for all 93 counties from FY2018-19 to FY2022-23 using CTL data. Information examined was the total valuation, the levy, the percent change in valuation from each year, and how much the levy would decrease if the valuation increased from the previous year. For example, if the total valuation increased by 5%, then a 5% decrease in the levy was calculated. Counties with projected levy changes that experienced a decrease in valuation were not calculated. Data was disaggregated according to large (>50,000 people), medium (5,000-50,000), and small (<5,000).

-In FY2019-20, 47 counties experienced an increase in valuation, compared to 39 counties in FY2020-21, 78 counties in FY2021-22, and 92 counties in FY2023-23.

-On average, small, medium, and large counties experienced a .9%, 1.4%, and 5.2% annual increase in valuation, respectively. The overall 5-year average annual increase in valuation for all 93 counties was 1.4%. However, the overall annual increase in valuation for all 93 counties was 4.4% in 2022-23.

-On average, the annual levy for small, medium, and large counties was .282, .277, and .314, respectively. The overall 5-year average annual levy for all 93 counties was .281, though the average for all 93 counties was .286 in 2023-23.

-Among counties that experienced an increase in valuation, small counties would see their levies decrease from .290 to .283, while medium counties would see their levies decrease from .284 to .275 and large counties would see their levies decrease from .314 to .297. Overall, the five-year average for all counties in Nebraska that experienced an increase in valuation would see their levies decrease from .288 to .279.

Assuming that property with a valuation of at \$100,000 with a levy rate of 0.025 and levy of \$2,500 increases by 10%, such levy rate would be 0.0225 and a loss of \$25.00 per \$100,000 property. With over 1.1 million real property records, a minimum fiscal impact would be a loss of \$27.5. However, the actual estimated 2023 valuation

for counties for all types of property was over \$318 billion and the 2023 taxes levied were nearly \$865 million. In other words, the fiscal impact projected if LB 1241 were to pass is expected to be significant.

**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<sup>(1)</sup> 1241**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> NE Department of Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/19/24 Phone: <sup>(5)</sup> 402-471-4320

**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	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB 1241 requires that the percentage increase in taxable valuation be calculated with the same percentage being used to decrease the levy rate for political subdivisions from the prior year's levy rate.

This bill would hold property taxes even without addressing any of the issues that could cause property tax growth such as reduced state funding, student growth or even normal inflationary growth.

Political subdivisions would have resources significantly reduced over time if no other factors were addressed but fiscal impact cannot be determined at this time.

**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.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

