PREPARED BY: Doug Gibbs
DATE PREPARED: January 27, 2015
PHONE: 402-471-0051

LB 259

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)	**FY 2015-16**		**FY 2016-17**	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	$0		$41,500,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	$0		$41,500,000	

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

LB 259 creates the Personal Property Tax Relief Act.

The bill provides for an exemption from the property tax on the first $25,000 of valuation of depreciable tangible personal property.

Taxpayer is defined by the bill as any person owning depreciable tangible personal property which is subject to personal property taxes in Nebraska.

Depreciable tangible personal property is given the meaning it has in Section 77-119 which is, tangible personal property which is used in a trade or business or used for the production of income and which has a determinable life of longer than one year.

The Tax Commissioner is to develop forms by February 1 of each year, to be used uniformly throughout the state to claim the exemption. The county assessor of each county is to furnish the forms upon request to taxpayers desiring application for the exemption. The forms are to be filed annually by the taxpayer seeking the exemption.

The county assessor is to examine each application and approve or deny the application. If denied, the applicant may seek a hearing before the county board of equalization. The applicant may also appeal a decision of the board of equalization to the Tax Equalization and Review Commission. There are time limits on each of these appeals of thirty days from receipt of notice of a decision.

By August 1 of each year, the county assessor shall forward the applications to the Tax Commissioner for review. The Tax Commissioner may approve or deny the application. If denied the applicant may obtain a hearing before the Tax Commissioner, and the hearing shall be conducted in accordance with the Administrative Procedure Act. The applicant may appeal a decision of the Tax Commissioner to the Tax Equalization and Review Commission.

On or before November 30 of each year, the county treasurer shall certify to the Tax Commissioner the total tax revenue lost to all taxing agencies within the county due to the exemption provided for in LB 259. The state shall reimburse each county from the General Fund for funds lost due to the exemption. The county treasurer shall keep 1% of the amount received from the state for deposit to the county general fund.

The Tax Commissioner may adopt and promulgate rules and regulations to carry out the provisions of LB 259.

The bill has an operative date of January 1, 2016.

The Department of Revenue estimates the following fiscal impact to the General Fund as an expenditure:

FY2015-16:	$ 0
FY2016-17:	$ 41,500,000
FY2017-18:	$ 42,300,000
FY2018-19:	$ 43,200,000
FY2019-20:	$ 44,100,000

The Department of Revenue indicates they will incur minimal costs to implement LB 259.

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 259	AM:	AGENCY/POLT. SUB: NE Association of County Officials (NACO)
REVIEWED BY: Lyn Heaton	DATE: 1/27/2015	PHONE: 471-4181
COMMENTS: No basis upon which to disagree with the NACO estimate of minimal direct fiscal impact on counties due to the provisions of the bill providing for reimbursement by the State to the counties of the amount of lost tax revenue. The amount of reimbursement by the State will be subject to the appropriations process.		

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

2015

LB(1) 259

FISCAL NOTE

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

Prepared by: (3) Elaine Menzel **Date Prepared:** (4) 1/16/2015 **Phone:** (5) 402-434-5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS 15-16	16-17	2015-16 EXPENDITURES	2016-17 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

LB 259 would create the Personal Property Tax Relief Act. The county assessor would provide forms for applicants. If an application is rejected, the applicant could file a written complaint with the county clerk to have a county board of equalization hearing.

The county treasurer would be required to certify to the Tax Commissioner the total tax revenue that will be lost to all taxing agencies within his or her county from taxes levied and assessed in that year due to the Personal Property Tax Relief Act. Reimbursement shall be made to each county for distribution to each taxing entity with one percent to be deposited in the county general fund. Minimal fiscal impact to counties.

LB 259 Fiscal Note 2015

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 1/28/2015
Approved by: Len Sloup	Date Prepared: 1/28/2015	Phone: 471-5896

	FY 2015-2016 Expenditures	FY 2015-2016 Revenue	FY 2016-2017 Expenditures	FY 2016-2017 Revenue	FY 2017-2018 Expenditures	FY 2017-2018 Revenue
General Funds	$0		$ 41,500,000		$ 42,300,000	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	$0		$ 41,500,000		$ 42,300,000	

LB 259 provides a property tax exemption for $25,000 of a taxpayer's depreciable personal property. It is unclear whether the exemption applies on a per county basis or on a per owner basis (statewide exemption of $25,000).

The claim must be filed with the county in which the property is located on or before May 1 of each year. If the county rejects a claim for exemption, the taxpayer may file an appeal with the appropriate county board of equalization, and then further appealed to the Tax Equalization and Review Commission if necessary. If the county approves a claim, the county must forward the approved claim to the Tax Commissioner for further review. If the Tax Commissioner rejects a claim, a taxpayer may file an appeal in accordance with the Administrative Procedures Act.

On or before November 30 each year, the county treasurer must certify to the Tax Commissioner the amount of taxes lost due to the exemption. On or before January 1, the Tax Commissioner must certify the amounts approved for each county to be reimbursed by the State. The amounts certified will be distributed by the State Treasurer in six equal monthly payments on the last business day of each month beginning in January.

Assuming the exemption applies on a per county basis, the estimated expenditures from the General Fund would be as follows:

Fiscal Year	General Fund Expenditure
2015-16	$0
2016-17	$ 41,500,000
2017-18	$ 42,300,000
2018-19	$ 43,200,000

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure

Class Code	Classification Title	15-16 FTE	16-17 FTE	17-18 FTE	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures
Benefits							
Operating Costs							
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total							