

PREPARED BY: Doug Gibbs & Tom Bergquist  
 DATE PREPARED: February 01, 2016  
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**LB 717**

Revision: 00

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b> |                     |                  |                     |                  |
|---|---------------------|------------------|---------------------|------------------|
|   | <b>FY 2016-17</b>   |                  | <b>FY 2017-18</b>   |                  |
|   | <b>EXPENDITURES</b> | <b>REVENUE</b>   | <b>EXPENDITURES</b> | <b>REVENUE</b>   |
| GENERAL FUNDS   | \$0                 |                  | \$43,195,000        |                  |
| CASH FUNDS  |                     | See Below        |                     | See Below        |
| FEDERAL FUNDS   |                     |                  |                     |                  |
| OTHER FUNDS   |                     |                  |                     |                  |
| <b>TOTAL FUNDS</b>  | <b>\$0</b>          | <b>See Below</b> | <b>\$43,195,000</b> | <b>See Below</b> |

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

LB 717 amends several sections of Nebraska statute dealing with property valuation.

Section 77-112 is amended to change the definition of “actual value of real property for purposes of taxation” to strike “market value.”

Section 77-1301 is amended to freeze real property assessed value for 2016 at the January 1, 2015 assessed value.

Section 77-1327 requires the Property Tax Administrator to annually make and issue comprehensive assessment ratio studies of the average level of assessment, the degree of assessment uniformity, and the overall compliance with assessment requirements for each major class of real property subject to the property tax in each county. The bill strikes the word “value” from this section so that now the Property Tax Administrator will only perform an analysis of the level and quality of assessment for purposes of Section 77-5027 and in establishing the adjusted valuations required by Section 79-1016.

Section 77-5023 is amended to provide, for all classes or subclasses of real property, that the measure of central tendency shall be determined using five years of sales preceding the assessment date and shall exclude the sales that constitute the lowest 20% of assessment ratios.

The bill has an operative date of January 1, 2016 and contains the emergency clause.

The Department of Revenue indicates no cost to implement the provisions of LB 717.

The Legislative Fiscal Offices estimate the following fiscal impact as a General Fund expenditure for TEEOSA:

|            |    |             |
|------------|----|-------------|
| FY2016-17: | \$ | 0           |
| FY2017-18: | \$ | 43,195,000  |
| FY2018-19: | \$ | 114,446,000 |

The Tax Equalization and Review Commission (TERC) indicates that LB 717 may lead to more appeals being filed with TERC which would lead to additional Cash Fund revenue, but they are unable to determine the number of additional appeals.

IMPACT TO POLITICAL SUBDIVISIONS:

While there will certainly be fiscal impact to the local subdivisions, we are unable to quantify that impact given the number and variety of subdivisions that will be affected.

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES |              |                                    |
|--|--------------|------------------------------------|
| LB: 717  | AM:          | AGENCY/POLT. Department of Revenue |
| REVIEWED BY: James Van Bruggen   | DATE: 2/3/16 | PHONE: 471-4179                    |
| COMMENTS: There is no basis to disagree with the Department of Revenue.                |              |                                    |

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES |               |   |
|--|---------------|---|
| LB:717   | AM:           | AGENCY/POLT. Tax Equalization & Review Commission |
| REVIEWED BY: James Van Bruggen   | DATE: 1/11/16 | PHONE: 471-4179                                   |
| COMMENTS: The increase in the number of appeals is speculative.                        |               |   |



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**2016**

**LB<sup>(1)</sup> 717**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Tax Equalization & Review Commission

Prepared by: <sup>(3)</sup> Nancy Salmon

Date Prepared: <sup>(4)</sup> 1/7/2016

Phone: <sup>(5)</sup> 402 471-7723

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|               | <u>FY 2016-17</u>   |                | <u>FY 2017-18</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 implementation of LB717 may lead to more appeals being filed w/TERC. The increase in the number of appeals is speculative and the fiscal impact cannot be quantified.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2016-17</u>      | <u>2017-18</u>      |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>16-17</u>               | <u>17-18</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____                     | _____                      | _____        | _____               | _____               |
| _____                     | _____                      | _____        | _____               | _____               |
| Benefits.....             | _____                      | _____        | _____               | _____               |
| Operating.....            | _____                      | _____        | _____               | _____               |
| Travel.....               | _____                      | _____        | _____               | _____               |
| Capital outlay.....       | _____                      | _____        | _____               | _____               |
| Aid.....                  | _____                      | _____        | _____               | _____               |
| Capital improvements..... | _____                      | _____        | _____               | _____               |
| TOTAL.....                | _____                      | _____        | _____               | _____               |