

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$61,030		\$0	
CASH FUNDS		\$57,982,000		\$120,078,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$61,030</b>	<b>\$57,982,000</b>	<b>\$0</b>	<b>\$120,078,000</b>

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

LB 1075 imposes a fee on transfers of real estate.

The bill imposes a fee of 1% of value of the real estate being transferred on the seller of the real estate. The fee is to be collected by the register of deeds when the deed is offered for recording. The register of deeds shall retain fifty cents of the fee collected and remit the remainder to the State Treasurer for credit to the Property Tax Credit Cash Fund.

All such real estate transfers are subject to the fee except those that are exempt from the documentary stamp tax pursuant to Section 76-902.

The bill provides for a fine of \$50 for any register of deeds who fails to collect the fee when recording the deed.

**NOTE:** The bill does not provide for an enforcement mechanism or say where the fine is to be deposited.

LB 1075 also provides for a claims mechanism for persons to claim a refund of the fee if the fee was paid through error or misunderstanding or if the fee was invalid for any reason.

The bill has an operative date of January 1, 2019.

The Department of Revenue estimates the following fiscal impact of LB 1075:

FY2018-19:	\$ 57,982,000
FY2019-20:	\$ 120,078,000
FY2020-21:	\$ 124,340,000
FY2021-22:	\$ 128,752,000

The Department of Revenue indicates they will require a one-time development programming charge of \$22,230 paid to the Office of the CIO to process this fee. The Department will also require 0.5 FTE Tax Specialist Senior for one year to draft or revise forms and regulations, and to administer the startup of the program. PSL for FY2018-19 is \$29,200.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

**IMPACT TO POLITICAL SUBDIVISIONS:**

The bill will have an undetermined but minimal positive fiscal impact to counties.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1075	AM:	AGENCY/POLT. SUB: Dept. of Revenue	
REVIEWED BY: Lyn Heaton	DATE: 2/20/2018	PHONE: (402) 471-4181	
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis. Technical Note: While the Department's fiscal note does not include an estimate of expenditure, it is assumed that the expenditures from the Property Tax Credit Cash Fund will approximately equal the amount of revenue to the fund each fiscal year.			



**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFA: 2/21/2018			
Approved by: Tony Fulton		Phone: 471-5896			
Date Prepared: 2/15/2018					
FY 2018-2019		FY 2019-2020		FY 2020-2021	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$61,030				
Cash Funds			\$120,078,000		\$124,340,000
Federal Funds					
Other Funds					
<b>Total Funds</b>	<b>\$61,030</b>		<b>\$120,078,000</b>		<b>\$124,340,000</b>

LB 1075 would impose a fee of 1% of the value of real estate on a grantor executing a deed transferring beneficial interest in or legal title to that real estate. Value is defined to mean (a) in the case of any deed which is not a gift, the full actual consideration, including any liens assumed; or (b) in the case of a gift or a deed with nominal consideration or without stated consideration, the current market value of the property transferred.

Section 2 allows exemptions from the fee that are the same as the exemptions from the documentary stamp tax.

Section 3 provides that the document cannot be recorded until the fee has been paid. Fees that are disputed may be subject to a refund as described in section 5. From each fee collected, the register of deeds will retain 50 cents to be placed in the county general fund, with the balance remitted to the State Treasurer to be credited to the Property Tax Credit Cash Fund.

Section 4 provides a \$50 fine against any register of deeds who is convicted of failing to collect the proper amount of the fee.

Section 5 provides that the fee may be refunded if the payment of the fee was (a) the result of an honest mistake or misunderstanding by the person paying the fee, (b) the result of a clerical error on the part of the register of deeds, or (c) invalid for any reason. The person paying the fee has two years after the payment of the fee to make a written claim for refund with the register of deeds on a form prescribed by the Tax Commissioner. The register of deeds will recommend approval or denial and forward the refund claim, with any accompanying evidence filed by the claimant, to the Tax Commissioner. The Tax Commissioner has 30 days to approve or reject the refund claim in whole or in part. Any appeal of the Tax Commissioner’s decision is governed by the Administrative Procedure Act.

Section 6 authorizes the Tax Commissioner to adopt and promulgate rules and regulations.

Based on documentary stamp tax receipts, it is estimated that LB 1075 will increase revenue as follows:

Fiscal Year	Property Tax Credit Cash Fund
2018-2019	\$ 57,982,000
2019-2020	\$ 120,078,000
2020-2021	\$ 124,340,000
2021-2022	\$ 128,752,000

The operative date for this bill is January 1, 2019.

LB 1075 will require a one-time development programming charge of \$22,230 paid to the OCIO to process this fee. The Department will require 0.5 FTE Tax Specialist Senior for one year only to draft or revise forms and regulations, and to administer the startup of the program.

**Major Objects of Expenditure**

Class Code	Classification Title	18-19	19-20	20-21	18-19	19-20	20-21
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A29622	Revenue Tax Specialist Senior	0.5			\$29,200		
	Benefits.....				\$9,600		
	Operating Costs.....				\$22,230		
	<b>Total.....</b>				<b>\$61,030</b>		