PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 18, 2014 402-471-0051

LB 1053

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	4-15	FY 2015-16				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	See Below	See Below	See Below	See Below			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	See Below	See Below	See Below	See Below			

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

LB 1053 amends several sections of Nebraska Revised Statutes to provide state aid to municipalities, counties, and natural resources districts.

Section 77-27,139.03 is amended to provide additional state aid to municipalities through the Municipal Equalization Fund (MEF) by providing that the first \$300,000 of any excess funds in the MEF shall be distributed to municipalities that have not adopted a local option sales tax by January 1 of the fiscal year for which those funds are distributed. Any excess funds over the \$300,000 are to be credited to the General Fund.

The bill also provides that the Legislature <u>may</u> appropriate money for aid to municipalities. Such aid is to be determined by the Tax Commissioner based on the following formula: each incorporated municipality shall receive aid based on the ratio of the specific municipality's population to the total population of all incorporated municipalities in the state as determined by the most recent federal census figures.

LB 1053 states that the Legislature <u>shall</u> appropriate funds as aid to counties. The amount of total aid is to be a percentage of the total real and personal property valuation of all counties. The percentage is to be not less than .0075% nor more than .0125%. Of that amount, each county shall receive \$30,000 and the remainder shall be distributed based on the ratio of the total real and personal property valuation in the county to the total real and personal property valuation in the state.

LB 1053 also provides that the Legislature <u>may</u> appropriate funds as aid to natural resources districts (NRDs). The aid is to be distributed to NRDs on the basis of the ratio of the total amount of property taxes levied by a specific NRD to the total amount of property taxes levied by all NRDs in the state. For purposes of this calculation, property taxes levied shall exclude those property taxes levied for the payment of bond principal or interest.

In addition the bill provides that the amount of local aid is to be reduced by the amount any municipality, county, or NRD fails to repay the state under the Drinking Water Revolving Fund or the Wastewater Treatment Facilities Construction Assistance Act. Counties that fail to reimburse the state for cost of caring for qualified patients at the state hospitals for the mentally ill (regional centers) shall have that amount of aid withheld from aid payments.

The bill has an operative date of July 1, 2014 and contains the emergency clause.

Because the language in the bill is permissive regarding the amount of aid that may be appropriated and because a bill making substantive changes to statute may not make a binding appropriation, technically there is no fiscal impact to the state.

The Department of Revenue has estimated, however, that if aid to counties was appropriated at the minimum level of .0075% of statewide property valuation, aid to counties and the impact to the General Fund would be as follows:

FY2014-15: (\$13,826,487) FY2015-16: (\$14,310,414) FY2016-17: (\$14,811,279)

Because the bill only creates allocation formulas for municipalities and NRDs, and states that the Legislature may appropriate aid funds, we cannot determine a possible fiscal impact for aid to these entities.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 1053 AM: AGENCY/POLT. SUB: Department of Revenue					
REVIEWED BY: Lyn Heaton DATE: 2/18/2014 PHONE: 402.471.4181					
COMMENTS: No basis to disagree with the Department of Revenue analysis.					

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 1053 AM: AGENCY/POLT. SUB: State Treasurer's Office						
REVIEWED BY: Lyn Heaton DATE: 2/18/2014 PHONE: 402.471.4181						
COMMENTS: The State Treasurer's Office's estimate of no operational fiscal impact appears reasonable. The bill does not						
appear to give any substantive new duties to the Treasurer's Office.						

	State Agency	Estimate			
of Revenue				Date Due LFA:	1/29/2014
	Date Prepared:	1/29/2014		Phone: 471-5896	
FY 2014-2015		FY 2015-2016		FY 2016-2017	
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
\$ 13,826,487		\$ 14,310,414		\$ 14,811,279	
\$ 13,826,487		\$ 14,310,414		\$ 14,811,279	
	FY 2014 Expenditures \$ 13,826,487	To Revenue Date Prepared: FY 2014-2015 Expenditures Revenue \$ 13,826,487	Date Prepared: 1/29/2014 FY 2014-2015 FY 2015 Expenditures Revenue Expenditures \$ 13,826,487 \$ 14,310,414	To Revenue Date Prepared: 1/29/2014 FY 2014-2015 FY 2015-2016 Expenditures Revenue Expenditures Revenue \$ 13,826,487 \$ 14,310,414 \$ 14,310,414	Of Revenue Date Due LFA: Date Prepared: 1/29/2014 Phone: 471-5896 FY 2014-2015 FY 2015-2016 FY 201 Expenditures Revenue Expenditures Expenditures \$ 13,826,487 \$ 14,310,414 \$ 14,811,279

LB 1053 provides local aid to counties of not less than .0075% and not more than .0125% of the total real and personal property valuation of all counties. LB 1053 also authorizes an aid program for incorporated municipalities and natural resources districts based on an aid formula and unspecified appropriation by the Legislature. The operative date is July 1, 2014.

The Tax Commissioner is required to certify the amount of aid by political subdivision by July 1 each year. Aid will be distributed in specified installments based on amounts certified by the Tax Commissioner.

The amount of local aid will be reduced by the amount the political subdivision fails to pay the State pursuant to the Drinking Water State Revolving Fund Act and Wastewater Treatment Facilities Construction Assistance Act, or the amount the county fails to reimburse the State for the care of indigent patients.

LB 1053 also authorizes a transfer of excess funds in the Municipal Equalization Fund (MEF) to the General Fund, but the first \$300,000 of excess funds is distributed to municipalities that have not adopted a local option sales tax by January 1 of the fiscal year for which MEF is distributed.

Assuming a minimum appropriation of .0075% of statewide property valuation, it is estimated that LB 1053 would result in an increase in General Fund expenditures for Aid to Counties as follows:

FY 2014-15	\$ 13,826,487
FY 2015-16	\$ 14,310,414
FY 2016-17	\$ 14,811,279

The Department cannot estimate an increase in General Fund expenditures due to aid to municipalities and natural resource districts, which are contingent upon an unknown appropriation from the Legislature.

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

Major Objects of Expenditure							
Class Code	Classification Title	14-15 <u>FTE</u>	15-16 <u>FTE</u>	16-17 <u>FTE</u>	14-15 Expenditures	15-16 Expenditures	16-17 Expenditures
Capital Outlay							
Aid							
Capital Improvements	S						

LB ⁽¹⁾ _1053			FISCAL NOTE					
State Agency OR Political Subdivision Name: (2)	State Treasurer	State Treasurer						
Prepared by: (3) Jason Walters	Date Prepared: (4)	January 29, 2014 Phone: (5)	402-471-2793					
ESTIMATE PROVID	DED BY STATE AGENC	Y OR POLITICAL SUBDIVISION	ON					
FY	2014-1 <u>5</u>	14-1 <u>5</u> FY 2015-1 <u>6</u>						
EXPENDITURES	REVENUE	EXPENDITURES	REVENUE					
GENERAL FUNDS								
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS								
Explanation of Estimate: No fiscal impact								
BREAKE Personal Services:	OOWN BY MAJOR OBJ	ECTS OF EXPENDITURE						
NI	UMBER OF POSITIONS		2015-16					
POSITION TITLE	<u>14-15</u> <u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>					
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								