Douglas Gibbs January 19, 2018 402-471-0051

LB 899

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	8-19	FY 2019-20				
	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 899 amends Nebraska Revised Statutes Section 77-101 regarding the valuation of real property.

The bill provides that the county board of equalization shall adjust the value of real property that is destroyed by fire or other natural disaster between January 1 and October 1 upon receiving a report of such destroyed property from the county assessor.

The adjusted value is the sum of the following three factors:

- The assessed value of the property before it became destroyed multiplied by a percentage representing the portion of the year during which the property was intact and not yet destroyed;
- The assessed value of the property as of the date of its destruction multiplied by a percentage representing the portion of the year during which the property as destroyed and no replacement property as yet been completed;
- The assessed value of any replacement property as of the date of construction of such replacement property multiplied by a percentage representing the portion of the year during which construction of such property was complete.

The bill also provides a timetable for notice, decision, and appeals. The action of the county board may be appealed to the Tax Equalization and Review Commission.

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

The Department of Revenue indicates no fiscal impact to the General Fund as a result of the provisions of LB 899 and minimal cost to the Department to implement.

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

IMPACT TO POLITICAL SUBDIVISIONS:

We are unable to determine the fiscal impact to local political subdivisions because of the uncertainty of how often and where this may occur in the state.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 899 AM: AGENCY/POLT. SUB: Dept. of Revenue			Dept. of Revenue			
REVIEWED BY: Lyn Heaton		DATE: 1/18/2018	PHONE: (402) 471-4181			
COMMENTS: Concur. The proposed change in the process for establishing the assessed valuation of destroyed real property will have minimal or no fiscal impact on the Department of Revenue.						

Fiscal Note 2018

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFA:									
Approved by: Tony Fulton Date		Date Prepared:	1/19/2018		Phone: 471-5896				
	FY 2018-2019		<u>FY 2019-2020</u>		<u>FY 2020-2021</u>				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds		\$ 0		\$ 0		\$ 0			
Cash Funds									
Federal Funds									
Other Funds									
Total Funds		\$ 0		\$ 0		\$ 0			

State A man an Estimate

LB 899 will allow real property that is destroyed by fire or other natural disaster after January 1 and before October 1, to have the assessed value adjusted by the county board of equalization. The county assessor is to report all such property to the county board of equalization.

The adjusted assessed value would be based on the sum of three different numbers: (a) the original assessed value of the property multiplied by the percentage of the year the property was not destroyed; (b) the assessed value of the real property after it was destroyed multiplied by the percentage of the year during which the property is destroyed with no replacement property completed; and (c) the assessed value of any replacement property, as of the date of completion of construction of the replacement property, multiplied by the percentage of the year after which the replacement property is complete.

Notice of the value determined by the county board of equalization will be sent to the record owner at the last known address. Protests of any such value must be filed within 30 days of the county board of equalization's notice. The county board has 30 days to issue its decision, which must be mailed to the protester within seven days. Any appeals of the county board's decision must be filed with the Tax Equalization and Review Commission within 30 days of the county board of equalization's final decision.

It is estimated that this bill will have no impact on General Fund revenues.

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

Major Objects of Expenditure								
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>	
Benefits	Benefits							
Operating Costs								
Travel								
Capital Outlay								
Capital Improvements								
Total								